Weekend FT

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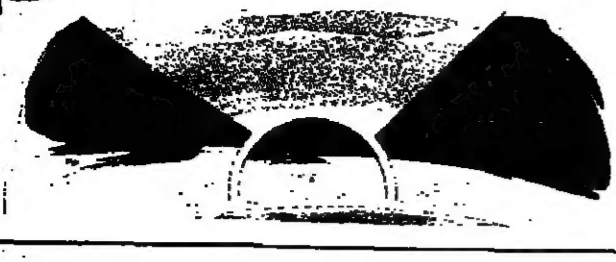
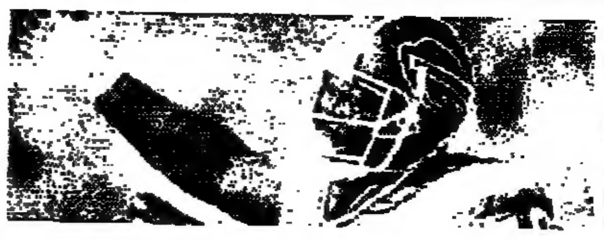


Armed escort for a dangerous cargo

This year a strange fleet will set sail carrying the first load of plutonium for Japan's growing stockpile. Should the rest of the world be worried? .... Page I



Sports warriors

The match-ups between mind and muscle in the Superbowl .... Page XII

Playful fighters

The horsemen of Afghanistan in mock battle for power and influence on the plains of Asia .... Page XII

EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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WORLD NEWS

South African blacks reject de Klerk's referendum

Thousands of blacks demonstrated in Cape Town at the opening of the white-dominated South African parliament as President F.W. de Klerk again offered to bring blacks into the legislature.

Mr de Klerk repeated his commitment to put constitutional changes to a referendum – a process rejected by the African National Congress, the main black opposition group, as giving whites a veto over plans for an interim government. Page 3; Picture, Page 24

Japan apologises

Japanese prime minister Kiichi Miyazawa became his country's first political leader to apologise in the Diet for Japan's wartime past. He apologised too for recent political scandals and pledged to "clean up politics as a top priority". Page 3

Swindler jailed

A German who sold 10,000 non-existent tickets for the 1990 Oberammergau passion play to British travel companies was jailed in Munich for three years and three months.

Lawson – my mistake

"With hindsight, the UK authorities – and I accept my prominent part in this, although I was by no means alone – greatly underestimated the demand effect that deregulation, a supply side reform, was to have." Nigel Lawson, Chancellor of the Exchequer from 1983 to 1989, considers his own record – in Monday's FT.

Paintings stolen

Five priceless paintings by Velasquez, Correggio, Guardi and El Greco were stolen from a state-owned gallery in Modena. Italian authorities expect a ransom demand.

Ex-French PM retires

Former French prime minister Michel Debre, who helped General de Gaulle found the fifth republic, retired from politics a week after turning 80. A wartime underground resistance leader, he was prime minister from 1959 to 1962.

Actress took jewels

French film actress Beatrice Dalle admitted stealing jewels from a Paris boutique and received a six-month suspended jail sentence and a FFr20,000 ($3,700) fine.

Ex-policemen for trial

Criminal proceedings against three former policemen accused of conspiracy to pervert the course of justice in Britain's Guildford Four bombings case must go ahead, the High Court in London ruled.

Freed man rearrested

Ex-IRA man Gabriel Cleary, convicted for his part in the Libyan gun-running ship affair, was arrested in Dublin after returning from serving his sentence in France. The ship, carrying 200 tons of arms, was seized in 1987 by French customs off Brittany.

Changing guards' rights

Security guards at UK military installations are to lose the right to be represented by unions affiliated to the Labour party. The Ministry of Defence said the move would preserve the Civil Service's political neutrality. Page 6

BUSINESS SUMMARY

Steetley share price falls on fears of MMC investigation

The share price of Steetley, the British building materials group, fell 37p to 332p yesterday on fears that a hostile £600m ($1,086m) takeover offer from Redland might be referred to the Monopolies and Mergers Commission.

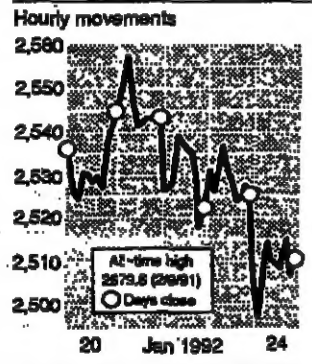
Mr Peter Lilley, Britain's trade secretary, is seeking permission to allow UK authorities to consider the monopoly implications of a rival plan to merge Steetley's brick, clay roof-tile and concrete products businesses with those of Tarmac, another large UK building materials group. Page 24

PORSCHE, German sports car manufacturer, is to introduce a series of cheaper cars in an attempt to break into a more modest customer market. Page 24; Lotus sheds 70 jobs, Page 4; Nissan unveils new small car range: Picture, Page 7

THE FT-SE 100-share index, under pressure for much of the week, succumbed to periodic bouts of selling pressure which affected a generally unwilling market, and closed 14.9 points lower at 2,510.4. Page 15

FT-SE 100 Index

Hourly movements



AMOCO Corp: A federal appeals court has ruled that the leading US oil group must pay $204m in damages for the world's biggest oil tanker spill, caused by the Amoco Cadiz off the French coast in 1978.

AIR FARES: British Airways, American Airlines and United Airlines of the US cut their cheapest transatlantic return fares to £199 in a battle for low-season customers. Page 6; Worry about air safety, Page 2

PFIZER, one of the largest US drug companies, has agreed to commit up to $505m to cover claims by recipients of the company's artificial heart valves who become ill or die. Page 12

WEMBLEY, leisure group which owns the London stadium, announced a 1-for-1 rights issue to raise £37.3m, ($67.5m) which will be used to reduce borrowings. Page 10

LA CINQ: A 10-day deadline has been set for the rescue of the collapsed French television station which earlier this month filed for bankruptcy. Page 12

TEXAS Instruments, US semiconductor and electronics manufacturer, reported continuing losses for the fourth quarter and its second consecutive annual net loss. Page 12

KERRY PACKER, Australian media entrepreneur, has stepped up his asset sell-off with the flotation of 51 per cent of Valassis Communications, his US-based advertising insert company. Page 12

MORGAN STANLEY, one of New York's leading investment banks, reported more than doubled fourth-quarter net income. Page 12

US unlikely to win unanimous support for expansionary shift

G7 to lay ground for aid to former Soviet states

By Peter Norman, Economics Correspondent

MINISTERS and central bank governors from the world's seven most powerful industrial democracies meet today in Garden City, near New York, to prepare financial assistance for the states of the former Soviet Union and to discuss how to bring stronger growth to the world economy.

The Federal Reserve Bank of New York and the Bank of Japan yesterday separately announced plans to hold a bilateral meeting late next month to discuss international financial issues, including the stability of financial systems in the two countries.

The meeting between Mr Gerald Corrigan, president of the New York Fed, and Mr Yasushi Mieno, governor of the Bank of Japan, comes amid widespread anxiety about the health of banks, sharp falls in prices in world property markets and the weakness of the Japanese stock market.

The issues on the G7 agenda are of great importance but the meeting is more likely to prepare for the next scheduled gathering of the group at the end of April than being a decision-making session in its own right.

While there is a general realisation that the world economy is not performing as was hoped at the time of the G7 ministers' last meeting in Bangkok three months ago, the US is unlikely to win unanimous support for a general shift to more expansionary policies.

Germany, which last month pushed up its interest rates to levels last seen in the 1930s, may be able to hold out the hope of monetary easing if a satisfactory result is achieved in the current wage round.

This is heading for a showdown, with steelworkers expected to vote tomorrow in favour of strike action in support of a double-digit pay claim. Bundesbank officials have indicated that if wage settlements finally turn out at no more than 6 per

Continued on Page 24

The dollar lost ground against the D-Mark yesterday in jittery trading dominated by speculation about possible accords on currency levels at today's G7 meeting. The dollar closed in London at DM1.595, down ¾ pfennig on the day.

One theory in the markets was that the US might try to push through an agreement to restrain the dollar's recent rise, in a move to aid the US recovery by helping exporters. There was also the perception that Germany might want to put a floor under the D-Mark to damp domestic inflationary pressures.

Currencies, Page 13

US-Japan meeting, Page 24

Gerald Corrigan of the New York Fed is to discuss world financies with Yasushi Mieno of the Bank of Japan

Market in Lonrho shares to be probed

By Roland Rudd and Robert Peston

THE LONDON Stock Exchange is investigating whether there was a false market in Lonrho shares on Thursday, during which it was difficult for investors in the international trading group to assess the proper value of the shares.

This emerged yesterday as Lonrho revealed that it is planning another *£400m worth of disposals which it hopes* to complete within three months.

Although it has given itself a year to reduce net debt from £1.1bn to £600m, Lonrho said negotiations over a series of sales were at an advanced stage and could be completed by the end of April.

Institutional investors, meanwhile, said they want the company to explain its unexpected dividend cut.

Meanwhile exchange investigators are focusing on Lonrho's announcement early on Thursday that it was selling 50 per cent of its interest in Kühne & Nagel, the German freight forwarder, which was followed after the stock market had closed by a separate announcement of its full-year results *and the decision to cut its final dividend.*

The disposal was regarded as good news by the market and Lonrho's shares rose 9p to close at 163p.

But Lonrho's shares then plunged in after-hours dealing, when the company disclosed its annual profits were well below most forecasts. Its shares yesterday fell 43p to close at 120p.

An official with a close knowledge of the inquiry said the exchange would try to find out why the announcement were not made at the same time.

Lonrho said it would use most of the DM340m (£118.4m) proceeds from the sale of its 50 per cent stake in Kühne & Nagel to reduce borrowings.

Three of Lonrho's directors – Mr Philip Tarsh, Mr Robin Witten and Mr Paul Spicer – have arranged a series of meetings with institutional shareholders next week. These include the South African Mutual Life Assurance Society, Phillips and Drew Fund Managers, Legal and General, Robert Fleming Investment Management and Postel Investment Management.

Fund managers contacted by the Financial Times yesterday said that they would be pressing the directors of Lonrho to explain why the group reduced its final 1991 dividend by 3p to 5p and withheld its first 1992 interim dividend.

One said: "Given that the banks did *not force the group to cut its dividend,* Lonrho must obviously be feeling pressure from another quarter."

Mr Spicer said: "I wish people would accept that we are in the middle of a recession. We have prudently decided to cut the dividend. This year is going to be a good housekeeping year for us."

Analysis, Page 10

Agents see signs of recovery in homes market

By Andrew Taylor

THE practice of gazumping could be back, according to reports from an estate agent in Orpington, Kent, after a would-be house-buyer whose offer of £138,000 was accepted was later outbid by an offer of £142,000.

The estate agent said this was its first case of gazumping "in ages".

A West Yorkshire estate agent announced that it just had the busiest Saturday for 18 months for clients making appointments to view homes.

A £230,000 town house at Newmarket, Suffolk, was recently sold in just two weeks. According to one agent a similar sale last year would have taken at least four months.

While no one is suggesting that the UK housing market is returning to the frenzy of several years ago, there are tentative signs that the worst of the slump may be over.

A straw poll of housebuilders, mortgage lenders and estate agents, conducted this week by the Financial Times, has revealed a sharp rise in interest from potential buyers since the start of this year.

Mr Joe Dwyer, chief executive of Wimpey, Britain's second-largest housebuilder, says traffic through the company's show houses is about 10 to 15 per cent higher than during the first three weeks of last year. Some other builders and agents report similar increases.

The number of people agreeing to make purchases has also risen although sellers warn that deals have still to be completed. A common feature of the housing market during the recession has been a high number of buyers withdrawing *from deals before completion.*

Sellers warned against over-optimism in a market which during the last 18 months has seen several false dawns.

Mr Dennis Webb, managing

Continued on Page 24

Tenant's Charter, Page 4
Leasehold reform, Page 4

Scotland Yard warns of counterfeit US currency

By Bethan Hutton

COUNTERFEIT "super-dollars" – $100 bills virtually indistinguishable from the genuine article – are circulating in Britain and several other countries.

The forgeries are of such high quality that some police sources suspect they are produced by a government, possibly in the Third World.

Because the "super-dolars" are so difficult to detect criminals are reported to be paying distributors up to 70 per cent of their face value for the notes before passing them in shops and banks.

Ordinary forgeries change hands at less than a third of face value.

Scotland Yard this week confirmed the existence of the notes in Britain, saying they were an international problem and did not appear to have been produced in Britain.

When similar high-quality forgeries surfaced in Egypt in December, Lebanon, Israel and the Far East were among the suspected sources.

The US Treasury Department's secret service representative in Britain would only say there was a continuing investigation into the "super-dollar".

In Washington a US Treasury official said the distribution of some series of notes had been traced back as far as Middle East terrorist groups, but they might not be producing the forgeries themselves.

Thomas Cook Travel said staff at its foreign exchange bureaux first spotted the "super-dollars" about a year ago. They could only be identified as forgeries from a "gut feeling" based on experience of handling thousands of notes rather than relying on the signs that normally give away counterfeits – fuzzy printing, paper quality or the lack of security features such as watermarks.

Mr Charles Black, an expert former counterfeiter who is consulted by the police on new *finds* and has been shown a sample of the "super-dollar", said: "It looked identical to the real thing." The forgers had reproduced all the dollar's security features including small red and blue fibres in the paper, magnetic ink and ultra-violet dull paper.

The US dollar is the most frequently counterfeited currency worldwide. A US embassy official in Paris said: "Our currency really only involves two colours. Its popularity as well as the lack of more colours and the lack of additional security features is the reason why it tends to be popular with counterfeiters."

The $100 bill in particular is the object of forgers' efforts. "In some American states $100 notes are not very easily spent, and yet over here they seem to be one of the most common dollar notes," said Superintendent Chris Newman of Scotland Yard's counterfeiting squad.

He advised anybody who has a suspect $100 bill to consult *an expert at a bank.*

Continued on Page 24

MARKETS

STERLING
New York lunchtime:
$1.8005
London:
$1.8055 (1.796)
DM2.865 (same)
FFr9.7725 (9.77)
SFr2.54 (2.545)
Y222.5 (222.25)
£ Index 90.8 (90.6)

GOLD
New York Comex Feb.
$354.7 (354.9)
London:
$354.65 (358.05)

N SEA OIL (Argus)
Brent 15-day Mar
$18.125 (17.975)

Chief price changes yesterday: Page 24

DOLLAR
New York lunchtime:
DM1.58925
FFr5.4195
SFr1.412
Y123.35
London:
DM1.5875 (1.595)
FFr5.4125 (5.44)
SFr1.407 (1.4165)
Y123.3 (125.85)
$ Index 62.1 (same)
Tokyo close: Y124.57

US LUNCHTIME RATES
Fed Funds: $3\frac{7}{8}$%
3-mo Treasury Bills: 3.86%
Long Bond: $103\frac{1}{2}$
yield: 7.692%

STOCK INDICES
FT-SE 100: Yield 4.89
2,510.4 (−14.9)
FT-A All-Share:
1,200.51 (−0.6%)
FT-SE Eurotrack 100:
1,131.86 (−0.12)
New York lunchtime:
DJ Ind. Av.
3,234.79 (+8.05)
S&P Comp
416.12 (+1.16)
Tokyo: Nikkei
21,072.15 (−508.57)

LONDON MONEY
3-month interbank:
$10\frac{11}{16}$% ($10\frac{11}{16}$%)
Liffe long gilt future:
Mar $97\frac{5}{16}$ (Mar $97\frac{1}{2}$)

CONTENTS

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Tough Russian budget presented

By **John Lloyd** in Moscow

MR Yegor Gaidar, the embattled Russian deputy prime minister in charge of economic reform, yesterday laid before parliament a "tough and conservative" budget in a desperate attempt to cut the country's huge deficit to a Rbs11.5bn (about £55m at the present Central Bank rate) in the first quarter of this year, and stabilise the rouble.

Last year, the Russian budget deficit was reported to stand at Rbs108.4bn.

The legislators reluctantly passed the budget, which would slash spending on defence and construction, though the head of their budget committee, Mr Alexander Pochinok, warned that hyperinflation was less of a danger than the social explosion which it would be likely to trigger.

The warning was reinforced by Mr Fyodor Prokopov, chairman of the parliamentary employment committee, who said unemployment would rise from a present official level of 60,000 to 6m over the next 18 months.

At the same time, an analysis prepared for President Boris Yeltsin by a research group, RF-Politics, says that former and present officials are opposing reforms and are set to overturn them; that underground Communist party committees are exercising control over regional governments and many newspapers; and that a wave of strikes organised by the former Communist trade unions could paralyse the country from next month.

Mr Gaidar said: "Every measure to cut the budget deficit would be *justified*." He expected the new 28 per cent value added tax to raise Rbs140bn, and the profit tax of 32 per cent to raise Rbs67bn.

But the government is under intense pressure from Russian and foreign businesses to cut tax rates. Many are expected to under-report profits and sales, and those which earn hard currency are demanding payment to foreign bank accounts to avoid tax, despite the illegality of such a move.

Republics would get $500m to buy goods from east Europe

Japan plans Soviet food loans

By **Lionel Barber** in Washington and **David Buchan** in Brussels

JAPAN is considering a plan to offer $500m (£276m) of no-interest loans to former Soviet republics to buy food and other goods from eastern Europe, according to western officials in Washington.

The idea of promoting "triangular trade" between the emerging democracies in eastern Europe and the Commonwealth of Independent States using third-party finance was discussed during the two-day international aid conference in Washington this week.

The aim is not to recreate wholesale the old trading patterns between a communist Soviet Union and its Soviet bloc satellites, but rather to single out specific goods such as grain and feedstuff which could be sold to help hard-pressed republics and bolster economies of eastern Europe.

Despite some apparent Russian disquiet at getting aid from eastern Europe rather than directly from the west, the European Commission yesterday reiterated its intention of pursuing triangular operations. The Commission said it hoped to use up to Ecu750m (£535m) in EC food credit in this way.

The Commission stressed yesterday the need for speedy action to give substance to the aid plans agreed by the Washington conference.

It emphasised the importance of next week's Minsk meeting with CIS republics in tailoring the Washington plans to what the republics perceived as their most urgent needs. In contrast to this week's opening conference, the CIS republics will be invited to the follow-up conference to be hosted in Lisbon in May by the EC's Portuguese presidency, Commission officials said.

A senior US official said yesterday the Washington conference had proven successful in "breaking the inertia" which threatened to take hold of western aid efforts at the end of 1991.

Officials in Moscow yesterday welcomed the western aid effort but voiced doubts about whether the right goods were being sent in the right way to tackle the crisis.

Mr Alexander Zhitnikov, deputy head of Russia's Commission for Co-ordinating Humanitarian Aid, questioned plans for a $61m US airlift of food and medicines.

"Of course we need aid urgently and of course we are very thankful," he said. "But the main thing is to begin the process straight away and to use other means of transportation as much as possible."

The Japanese offer of $500m in concessionary loans stems from a $2.6bn credit package put forward last October after the failed putsch in Moscow. One technical problem is that untied Japanese loans to one country must be made available to the rest of the world. "We have not made a final decision on how to use this money, but we are trying to find ways round this provision," a Japanese official said.

During the conference, several countries pledged fresh financial support for the former Soviet Union. Oman announced it would commit $200m for energy exploration. Thailand offered $450m in loans for republics to buy rice and other commodities, with Korea putting up $800m to do the same.

Argentina said it was willing to absorb 100,000 Russian immigrants. Saudi Arab and other Gulf states agreed to unfreeze more than $1bn in aid held up after the August coup.

President George Bush also said he would seek congressional approval for $645m in new humanitarian aid to the republics.

● The US administration is drawing up plans to recruit up to 2,000 Soviet nuclear scientists to thwart efforts by Libya and Iran to hire their expertise.

The funds would be drawn from $400m which Congress approved last year for dismantling the Soviet nuclear arsenal, a senior US official said. The plan could be announced in Mr Bush's State of the Union address next week.

Busting trusts in Moscow, city of vested interests

Price rises prompt a new stress on competition, **writes Leyla Boulton**

"Trust-busting" has become the slogan of the day in Russia, even though the Anti-Monopoly Committee's remote location – on the outskirts of Moscow – is a telling indication of the insignificance attached to it until now.

The sharp rise in prices following the abolition of state controls has prompted President Boris Yeltsin to demand speedy action to introduce competition in the trade sector and to stop abuses by monopoly producers and sellers.

In a desperate bid to pad out the still thin domestic market, the government on Thursday abolished tariffs on all imports – at least until April 1 when new rates will be published. This means, for example, that computers and television sets can be imported free of taxes which used to range from 20 to 25 per cent.

Given the freedom to set their own prices, some producers are preferring to cut back production and keep prices high. Such practice is partly the legacy of the old state-planning system, which preferred to monopolise where possible. "It was seen as a sign of inefficiency if more than two enterprises produced the same thing," explains Mr Valery Chernogorodsky, the anti-monopoly committee's chairman.

With heavy state involvement in every sector of the economy, it is not surprising that of the 200 "abuses of dominant position" that he investigated in the last two months, half of them were committed by state officials. He said this included customs officers who refused to let importers unload their goods unless they received bribes.

While demonopolising heavy industry will take time, Mr Chernogorodsky says competition can be rapidly injected into the food, services and consumer goods sectors through privatisation and the breaking up of distribution monopolies.

Mr Yeltsin is soon to issue a decree lifting all restrictions on who can take part in domestic wholesale and retail trading.

"We have a lot of people who milk cows and a lot of people who drink milk, but only one organisation which is allowed to buy it from producers and sell it to the shops," said Mr Chernogorodsky.

Another task will be to combat criminal mafia that fix prices and decide who can sell produce at peasant markets in Moscow. The produce is plentiful, but beyond the means of most Muscovites.

But as the example of Moscow illustrates, resistance to demonopolisation lies not just with factory managers, but with state officials who have traditionally run the economy at every level.

Mr Yuri Luzhkov, the head of the Moscow city government, said yesterday he would work on opening the wholesale trading system in the capital. But despite a "reform-oriented" reorganisation of the government, his deputy, Mr Vladimir Reisin, not only keeps control of the building industry and supply of construction materials, but also takes on responsibility for real estate.

An elderly Muscovite tries to exchange a used jumper for fish at a flea market in Moscow yesterday.

More than 2m E German restitution claims filed

By **Quentin Peel** in Bonn

MORE than 2m claims for the restitution of property expropriated by the former Communist regime in east Germany have been filed, and it could take 10 years for the majority to be settled.

That is the daunting conclusion of the Federal Property Office set up in Berlin to deal with the flood of claims, mostly from former residents of East Germany who have settled in the west.

Disputes over property ownership have been the biggest single factor delaying new investment in the east, in spite of efforts to limit the right of former owners to demand the physical restitution of their property.

The latest figures were issued by Mr Horst-Dieter Kittke, deputy president of the office, who based the estimate of 2m on a total of 1.1m legal notifications received since German unification in 1990.

He said only 67,000 cases had been settled so far , and many of those were still being challenged by counter-claims.

The claims concern all forms of property, ranging from enterprises to buildings, land, and purely monetary claims.

The scale of the problem was a big reason behind the proposal made two weeks ago by Mr Jürgen Möllemann, the economics minister, for a drastic acceleration in the processing of property claims. He proposed former owners should have a maximum of two weeks for a hearing. He also wants to amend the property law so that once an investor has been given the green light, a former owner can only demand financial compensation.

One delaying factor preventing resolution of claims is that the Treuhand agency, responsible for the privatisation process in the whole former East Germany, has filed objections to most demands for physical restitution of property. The reason is that the agency faces crippling claims for compensation for any damage to the property if it is returned to its former owner.

However most property claims are aimed at getting financial compensation, rather than outright restitution, according to officials involved in the processing. In those cases, the former owners are waiting for the passing of a new compensation law to see how they would be better off from financial compensation or restitution.

● Nearly 400,000 east Germans lost their jobs last December in former state companies controlled by the Treuhand agency, the largest number in any month since the collapse of the communist regime in autumn 1989, Leslie Colitt writes from Berlin.

But the jobless rate – 11.8 per cent last November – is expected to rise much less sharply because many of those released from short-time work were cushioned from unemployment by state-subsidised job creation and retraining programmes.

Mr Alexander Koch, a member of the Treuhand Executive Board, said the worst loss of jobs in east Germany was over. He expected no big wave of dismissals this year, though unemployment would remain high until the third quarter.

The privatisation agency, which when founded in early 1990 had 4m employees in its companies, now has only 1.65m. Nearly 1m jobs were guaranteed by private investors who bought more than 5,000 companies.

EC unemployment up sharply

By **Andrew Hill** in Brussels

THE European Community unemployment rate rose more sharply last year than in any year since Brussels started compiling comparative figures in 1983, but inflation is now at its lowest rate for three years.

A report published yesterday by Eurostat, the EC's statistical office, singled out Britain as the country with the fastest growing unemployment rate in the Community.

Jobless Britons made up 10.2 per cent of the working population, seasonally adjusted, in November, against 7.4 per cent in the previous year.

At the same time, the report pointed out that Ireland, where 18 per cent of the workforce is now out of work, had overtaken Spain as the country with the highest unemployment rate in the Community. Spain's rate appears to be static at about 16 per cent.

The seasonally adjusted EC unemployment rate – which excludes the old East German länder – rose steadily over the 12 months from November 1990, from 8.4 to 9.3 per cent. The number of people registered at employment offices across the Community jumped from 14.1m in November 1990 to 15.3m last October, more than 8 per cent.

A separate report on prices paints a more optimistic picture of the Community's economy, with annual EC inflation down from 5.7 per cent in 1990 to 4.8 per cent last year. That is still higher than Japan (2.5 per cent) and the US (3.1 per cent), both of which have cut inflation since 1990, but it is the lowest EC figure since 1988, when it was 4.4 per cent.

Macedonian snub for Serbia

By **Laura Silber** in Belgrade

MACEDONIA yesterday rejected Serbia's initiative to revamp Yugoslavia and vowed to forge ahead with its drive for independence.

Mr Nikola Kljusev, the prime minister of Macedonia, one of the Yugoslav republics, yesterday said: "We do not wish to begin political talks with other republics about creating a new Yugoslavia."

But he added that Macedonia has already held talks on economic co-operation with Croatia, Slovenia and Bosnia-Hercegovina.

Croatia and Slovenia have already won European Community recognition as independent states. Macedonia and Bosnia, the central republic, have asked for similar recognition but so far have been recognised only by Bulgaria. The parliament of Bosnia yesterday was expected to debate a referendum on independence.

Meanwhile Mr Marak Goulding, United Nations under-secretary, is expected to arrive in Belgrade tomorrow to meet UN liaison officers. The 50-member advance team last week was deployed in crisis zones to set up communication links between federal and Croat forces in order to shore up the UN-brokered ceasefire.

NEWS IN BRIEF

French trade balance starts to improve

By **Ian Davidson** in Paris

FRANCE'S foreign trade balance improved sharply in 1991, after several years of steeply rising deficits, the Finance Ministry reported yesterday.

The ministry welcomed "this good performance", which it attributed mainly to the success of France's anti-inflation policy and a significant increase in export shares on world markets.

The trade deficit was held at just over FFr30bn (£3bn) in 1991, compared with over FFr50bn in 1990, nearly FFr44bn in 1989 and nearly FFr33bn in 1988.

BCCI fraud guilty plea

A Washington court yesterday accepted a guilty plea in response to fraud charges filed against the Bank of Credit and Commerce International (BCCI), paving the way for the liquidators of the collapsed bank to forfeit $550m of US assets as part of a previously agreed settlement, **Alan Friedman writes from New York.**

Acceptance of the plea, together with the $550m payment, will terminate all US criminal charges against the bank. Individuals charged in connection with the scandal remain subject to prosecution.

The $550m settlement was agreed last month by US officials and Mr Brian Smouha, the UK court-appointed BCCI liquidator.

BCCI creditors had sought to block the settlement on the grounds that it would leave little money for their claims.

Mexico set to join OECD

Mexico will probably become the next member of the Organisation of Economic Co-operation and Development (OECD), the club of 24 industrialised nations, according to the organisation's secretary-general Mr Jean Claude Paye, **Damian Fraser reports from Mexico City**

Mr Paye did not specify when Mexico would be admitted, but reports suggest the country's membership should be approved next year. New Zealand was the last country to join the OECD, in 1973.

Germans worry about air safety

By **Quentin Peel** and **Paul Betts**

THE German Federal Office for Air Safety yesterday joined the ranks of those questioning the sheer quantity of high technology confronting the modern pilot, in the wake of the Airbus A-320 crash in the Vosges mountains.

Mr Hans-Ulrich Ohl, spokesman for the air safety body, said pilots were "under-stretched" by having too much technological assistance.

He added this led to "boredom, which then means that mistakes are not spotted in time".

He argued that pilots now had to relearn everything before flying new aircraft.

His remarks echo suggestions by a number of French pilots this week that the A320's fly-by-wire computer control system can lull pilots into a false sense of security.

The crash of the A320 on Monday, in which 87 people died, has rekindled the controversy over the aircraft's advanced computerised systems.

However, the cause of the tragedy remains a mystery.

IG Metall union leader urges strike action over pay offer

By **Christopher Parkes** in Bonn

THE leader of the IG Metall union yesterday urged German steel workers to vote for a strike in the official ballot which starts tomorrow. However, he said later that the way was still open for a fresh offer from employers.

Mr Franz Steinkühler, the union president, was loudly cheered as he told a meeting of about 4,000 members in Duisburg that the time for talking was over. Reminding his audience that the outcome of the confrontation would affect all German pay negotiations this year, he said there would be no more dealings.

"The cards will be shuffled again on Sunday," he added.

At a subsequent press conference, however, he said there was nothing to stop employers from presenting a new offer between ballot and strike.

Workers at the meeting appeared to be enthusiastic about possible action. "It's strike weather," one said, although the mood was more subdued earlier in the day when the town was shrouded in fog and ice.

While there was some anger about the employers' offer of about 5.5 per cent, there was also concern that the union had lowered its official 10.5 per cent claim to around 6.5 per cent, and worry about job security.

Duisburg is one of several north-western towns likely to be hit this year by a renewed wave of steel industry job losses.

The ballot of union members – 100,000 out of a total industry workforce of 135,000 – will end on Thursday, with the result due Friday.

Future of couture comes under scrutiny

By **Alice Rawsthorn** in Paris

THE hotels of Paris – those with five stars, at least – are filling up. Socialites and celebrities are again flooding into the city for its *haute couture* collections.

The 21 French fashion houses showing their collections over the next five days desperately need a successful season. For years they have accepted that they would lose money on *couture* – where one evening dress sells for anything up to $30,000 (£16,600) - but continue to bankroll it because of the publicity it attracts for the scents and sunglasses that really make money.

Even so, the fashion houses are now under intense financial pressure after two years of recession, so much so that the French government has commissioned a formal review of the future for *haute couture*.

High fashion at this level has long been seen as an anachronism: the rules on who can or cannot call themselves a *couturier* were laid down in 1947 and owe more to the austerity of post-war Paris than to the exigencies of a modern European economy.

The rules cover everything from how many people a fashion house must employ to how many garments it must show. Add to the bill the hiring of supermodels – at anything up to $20,000 each a show – to make sure the paparazzi arrive and take lots of pictures, and the overheads soar.

Haute couture is so costly (many hours alone are spent in personal fittings) that only very few can afford to buy it. After enjoying a brief revival in the bullish 1980s when women with surnames like Trump and Gutfreund flaunted their husbands' profits in Paris, the market declined. And last winter's collections were a disaster: models, and clients, were too frightened to fly from New York to Paris because of the Gulf war.

Yves St Laurent saw its *couture* sales fall sharply, after having already slipped to FFr39m (£4m) in 1990 from FFr44m in 1989. The whole market in 1991 declined by 15 per cent to FFr282m, according to the Chambre Syndicale de Couture Parisienne, which presides over the shows.

Yet the Paris houses still plough in money because of the publicity. It can be no coincidence that the mainstream investors who moved into fashion in the 1980s (LVMH with Christian Dior and Christian Lacroix and Orcofi with Lanvin) have not only increased the investment in *couture* but have encouraged their designers to become more and more flamboyant.

Some critics claim that the collections are now just a publicity stunt and the clothes are designed not to be sold but to generate press coverage. "Self parody" crops up again and again in the reviews.

Stunts notwithstanding, the fashion houses are stuck with *couture*. Balmain's announcement last year that was withdrawing from the scene caused such an uproar among its Japanese licensees that it was forced to backtrack.

Somehow, the French government has to find a way of hauling high fashion into the 1990s without tarnishing its traditions.

The report that will land on the desk of industry minister Dominique Strauss-Kahn in March is expected to recommend modest changes to the 1947 rules so that the ritual of the collections stays more or less the same.

But the business of *haute couture* will be at least a *little* less expensive.

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Gunshots fail to deter Algeria's fundamentalists

By Robert Graham and Francis Ghilès in Algiers

THE MOSQUE loudspeaker encouraging the faithful to join in prayer was rudely interrupted by a volley of shots in the air.

People milling in front of the Es Sunna mosque scurried for the safety of doorways in the narrow streets of the traditional working-class suburb of Bab el Oued in Algiers.

More shots rang out and then the mosque loudspeaker was cut. From behind almost-closed doors, residents peered out into suddenly-deserted streets and the cordon of heavily-armed riot police which had ringed the mosque. The silence was broken only by the sound of wailing women and the movement of military vehicles.

"Tell everyone they want to kill us. Tell everyone they want to stop us from having our Islamic state," an angry woman shouted inside a doorway.

"This is normal here most Fridays," a youth said with a resigned shrug.

Bab el Oued is one of the two strongholds of the Islamic Salvation Front (FIS) in Algiers. But yesterday was no normal day.

Supporters of the FIS were determined to use the mosque not just for prayer but as a focus for their anger and frustration over events of the past two weeks, which have seen the annulment of parliamentary elections and the denial of their party's certain electoral victory.

The security forces had surrounded the Es Sunna mosque and the larger Kouba mosque to enforce tough edicts issued this week enforcing the use of mosques exclusively for prayers.

But elsewhere in Algiers, the mosques were only observed at discreet distance by plain-clothes police in cars.

This show of force followed the arrest on Wednesday of Mr Abdelkader Hachani, the last leader of the FIS not in jail, after he had incited soldiers to desert. The two principal FIS leaders, Mr Abassi Madani and Mr Ali Ben Hadj, have been in prison since last June.

"Last week there were two or three thousand people praying in these streets round the mosque," said one of the Es Sunna residents. "They have been trying to intimidate us since early this morning, when they searched the flats round the mosque."

Young men, most with the distinctive long black beards identifying themselves as FIS supporters and some with rolled prayer mats under their arms, had gathered early in front of the mosque. They looked sullenly at the riot police and the display of army trucks and a lone water cannon in an adjoining street to the small mosque.

But they were careful to avoid provocation, observing the new ban on praying in the streets. The firing of blanks in the air, lasting for less than 10 minutes, was either panic by soldiers or a deliberate attempt at intimidation. If intimidatory, it had the desired effect. And with the loudspeaker cut, fewer than 500 heard the imam inside the mosque.

The Es Sunna mosque symbolises the problems which successive Algerian governments have created for themselves by their ambiguous encouragement of, and failure to control, the state religion, Islam.

It also helps explain the political success of the FIS.

The construction of this mosque began 10 years ago. It remains unfinished, like 5,490 others of the total 9,073 known mosques in Algeria. Mosques have to be completed and possess an imam who has passed official examinations before being considered a state mosque with official funding.

The FIS has exploited this loophole, keeping the mosques deliberately unfinished, sometimes by just not facing the concrete exterior with bricks or tiles, like Es Sunna. In this way they can appoint their own 'free' imam, and it is these men who have been urging the faithful to establish an Islamic state in Algeria.

Bab el Oued is fertile ground for such an appeal. Once the centre of mainly Spanish-speaking poor colonials, since independence it has come to house many of the city's poorer families, who find themselves at the bottom of the ladder in terms of jobs and social opportunity.

"I am a trained lathe operator but I have never had a job," said Mustafa, aged 25, as he waited in a stairwell for the tension in the streets to die down. "I finished 2¼ years' military service but in the last three years I have been unemployed."

He lives in a two-room flat with a family of nine, of whom only two brothers are working.

"The government and the FLN [the former ruling party] has done nothing but rob us. Look at the ministers with their big villas and we are left to struggle to eat."

He said he voted for the FIS not out of religious conviction but as a protest.

"At least they might give me some work."

Dressed in jeans and black leather jacket, he talked of a pen-friend in Hull, and seemed not untypical of Algeria's disillusioned youth, who make up 60 per cent of the 25m population.

These are the people Algeria's new military-backed government has to win over if it is to pose a credible alternative to the FIS.

Baseball chiefs strike out bid by Nintendo founder to buy US team

By Lionel Barber in Washington and Stefan Wagstyl in Tokyo

BASEBALL being as American as apple pie, it came as little surprise yesterday when US authorities gave a Japanese bid to buy a controlling interest in the Seattle Mariners baseball team a polite but firm brush-off.

Mr Fay Vincent, the all-powerful commissioner of baseball, said Americans should be flattered by the interest shown by a group of investors led by Nintendo, the world's largest video game company. But in its present form, the bid was unlikely to gain approval, he said.

The Japanese offer of $100m for 60 per cent of Seattle Mariners, one of the less glamorous teams in baseball, has come at a delicate moment in US-Japan relations. President Bush's disastrous trip to Tokyo this month has magnified American fears about Japan's industrial and financial muscle.

Mr Vincent said the issue of foreign ownership had already been settled, with baseball team owners expressing a strong preference in favour of local ownership. "We're presented with a very difficult and complicated set of problems," he said.

Any sale would have to be approved by a majority of major league team owners who were due to hold a telephone conference late yesterday. The Japanese consortium bid was supported by some of the best known business and political names in Seattle, and the current team has threatened to move out of town unless a deal is struck.

Even though Japan-US tensions are running high, the Yamauchi family, founders of Nintendo, hope to avoid attack in the US by emphasising their offer comes in response to an appeal for help from Seattle politicians. Mr Booth Gardner, the local state governor, and other leaders appealed to Nintendo in order to stop Mr Jeff Smulyan, a West Coast businessman and the Mariners' owner, selling the team to another city.

Japanese buyers have been criticised in the past in the US for acquiring landmarks of American culture including Columbia Pictures and control of the Rockefeller Centre in Manhattan.

Nevertheless, the appeal from Seattle sets the Mariners deal apart from other Japanese investments. Mr Smulyan, a radio station owner and baseball fan who bought the Mariners in 1989, is being forced to sell the team to clear debts.

Other cities are trying to buy the Mariners' franchise but the team's lease on their stadium required them to first try a local buyer. When none emerged, people in Seattle began to grow restless. With a deadline of March 27 for an offer fast approaching, Mr Gardner, the governor of Washington state, wrote to Mr Hiroshi Yamauchi, the president of Nintendo, which has its US headquarters in Seattle and is one of the larger local employers.

The Yamauchis put together a consortium in which they took a 60 per cent stake and the rest was divided among Seattle businessmen. The consortium has offered to pay $100m to Mr Smulyan and invest a further $25m in the club.

Mr Yamauchi said yesterday that he was responding to an appeal. He had no interest in baseball, only in helping the citizens of Seattle, he said. He added he was acting in a personal capacity not on behalf of Nintendo which would have nothing to do with the club. "I have no intention of doing something which would hurt national feelings."

Presidential hopes: Imelda Marcos throws a kiss to cheering supporters in Manila yesterday at the beginning of her campaign for the May elections

Marcos launches flamboyant campaign

By Richard Gourlay in Manila

MRS Imelda Marcos yesterday launched her presidential election campaign in shamelessly flamboyant style, saying she would grant amnesty to rebel soldiers who had tried to overthrow President Corazon Aquino in coup attempts.

The former first lady made the promise after imprisoned troops interrupted her first sizeable campaign rally by shouting their support from the roof of a military stockade.

Demonstrating the political awareness of her late husband, President Ferdinand Marcos, Mrs Marcos jumped from her limousine to wave to the 30 soldiers clamouring from the prison roof.

"I would like to give an amnesty to the soldiers, insurrectionists, radicals, communists and secessionists," said the 63-year-old campaigner, rounding-up the usual suspects who are blamed for the country's lack of unity.

Mrs Marcos displayed composure as she was jostled by enthusiastic crowds and hammed-up emotion as she promised that the country could once again be great.

She was greeted with enthusiasm when she told the crowd outside army headquarters that she doubted their lives had improved since she and her husband fled into exile six years before.

Foreign observers have tended to write off Mrs Marcos's chances of winning the May 11 elections, viewing her as a phenomenon of the past, who is still accused of looting her country.

But the attraction of an enduring and colourful personality, especially when pitted against lacklustre government candidates who have overseen a dismal economic performance, may still make Mrs Marcos a contender.

The ruling party is most concerned that Mrs Marcos might combine forces with another political escape artist from the Marcos era: the notorious business man Eduardo Cojuangco.

They are likely to know who they are competing against after a rally today to be led by Mrs Aquino. After considerable procrastination, Mrs Aquino is due to anoint her chosen candidate.

While Mr Ramon Mitra, speaker of the House of Representatives, has already won the approval of the majority of ruling LDP delegates at a party convention, Mrs Aquino has been reluctant to endorse him. Instead, she appears to favour General Fidel Ramos, her former defence secretary, even though such a choice might split her party.

Mr Mitra and Gen Ramos stand on similar policy platforms, favouring further economic liberalisation. What Mr Mitra lacks in popularity, compared to Gen Ramos, he more than makes up for in political machinery.

However, despite promising for a year that she will endorse a candidate today, there is still a chance that Mrs Aquino will not.

Mr Cojuangco, widely remembered as controller of the important coconut industry, adopts a vocabulary that also suggests he is in favour of an open and free market. However, the business community is aware that he built his considerable wealth as a monopoly capitalist.

Japan's premier apologises for wartime misdeeds

By Stefan Wagstyl in Tokyo

MR Kiichi Miyazawa, the Japanese prime minister, yesterday broke a long taboo and became his country's first political leader to apologise in the Diet for Japan's wartime past.

He apologised too for recent political scandals and pledged to "clean up politics as a top priority".

The scandals threaten to overshadow the Diet session and to impede the progress of legislation, including financial liberalisation measures and the Budget bill – which would allow Japanese servicemen to serve overseas on United Nations peace-keeping missions.

Mr Miyazawa's speech followed a visit to South Korea, where he repeatedly apologised for misdeeds during colonial rule and the Second World War.

His unprecedented expressions of remorse come in the wake of public debate about the war generated by the 50th anniversary last month of the attack on Pearl Harbor.

Nevertheless, Mr Miyazawa's words fell far short of the explicit account of Japanese atrocities which some Chinese, Koreans and other Asians, who suffered at the hands of the Japanese military, have demanded.

The prime minister's minute-long reference to the war contrasts with the widely-admired hour-long speech to the Bundestag by Mr Richard von Weizsacker, the West German president, in 1985.

Mr Miyazawa referred indirectly to the trade concessions made to Mr Bush during the US president's recent visit to Japan.

He said Japan had benefited greatly from American support after the Second World War. Now that the US faced "some problems of its own", it behoved Japan "to make every effort to co-operate".

Speaking about the economy, Mr Miyazawa said the government's budget for the year from April, together with recent interest rate cuts and other measures, would contribute to inflation-free sustained growth.

Emiko Terazono adds: The Japanese government, pushing for changes in Japan's financial system, will submit a series of bills to the Diet next month.

They include measures to prevent the recurrence of political and stock market scandals, and the reform of Article 65 of the Securities and Exchange Law – Japan's version of the US Glass Steagall Law which separates the banking and securities industries.

The bills would set up a securities and banking supervisory commission; establish capital adequacy standards for brokers; and increase fines for breaking the Securities and Exchange Law.

Black protests greet white MPs

By Patti Waldmeir in Cape Town

THOUSANDS of black South Africans demonstrated yesterday at the opening of the white-dominated parliament while inside President F.W. de Klerk reiterated his offer to bring blacks into the legislature as soon as possible.

Mr de Klerk gave no hint of a timetable for reform, but repeated his commitment to put major constitutional changes to a referendum, a process rejected by the ANC yesterday as giving whites a veto over plans for an interim government.

The parliament includes separate houses for whites, coloureds (mixed race) and Indians, but excludes blacks; it is effectively controlled by whites.

Some 20,000 supporters of the African National Congress (ANC), the main black opposition group, staged what they called a "people's parliament" in front of the Cape Town City Hall and then marched on parliament to present a petition calling for abolition of the legislature and the constitution.

ANC organisers had expected a turnout of at least 50,000. They laid on free trains to Cape Town from the surrounding black and coloured townships, and bussed in supporters from rural areas.

The ANC demanded the installation of an interim government within six months, and elections by the end of the year to a constituent assembly charged with drawing up a post-apartheid constitution.

Officials of the ruling National Party have said that it could take at least 18 months before a multi-racial parliament could be elected: reaching political agreement on the shape of a new parliament could take many months as the two sides struggle over the Nationalists demand for protections for the white minority, followed by delays for the registration of voters and delimitation of new constituencies.

In the meantime, however, the government hopes to bring blacks into the executive, and plans to establish joint legislative committees composed of members of parliament and the multi-party Convention for a Democratic South Africa.

'Police recruited men to attack ANC supporters'

TWO gang members said police in the Zulu homeland recruited, trained and armed them to carry out attacks on African National Congress supporters, it was reported yesterday, AP writes from Johannesburg.

The report in the anti-government Weekly Mail said the men, identified only as Lucas and Themba, were trained at a base used by the Zulu nationalist Inkatha Freedom Party, the main rival of the African National Congress.

The ANC has long alleged that security forces, in an effort to destabilise the black opposition movement, helped Inkatha in clashes between supporters of the two groups.

Fighting between the ANC and Inkatha, the two largest black movements, has claimed thousands of lives in recent years.

In previous reports, the Weekly Mail disclosed secret government payments to Inkatha that led to the demotion of two cabinet members and a promise from President F.W. de Klerk to halt covert funding of political parties.

Subsequent reports on the scandal have included allegations that government funding of Inkatha has continued and that Inkatha supporters received military training.

A government-appointed judicial commission said last week it would investigate the allegations.

Ethiopian leader pledges market economy

By Julian Ozanne in Addis Ababa

MR Meles Zenawi, transitional president of Ethiopia, said yesterday his government would sign an agreement with the World Bank next week which would release $650m of emergency assistance to rebuild the impoverished country emerging from 30 years of civil war.

Mr Meles also disclosed, in an interview in Addis Ababa, that the liberal economic policy published recently by his transitional coalition government would become a part of his party's election manifesto. This is the the first statement by the 37-year-old president which specifically abandons the socialist economic polices of the once Marxist Ethiopia People's Revolutionary Democratic Front (EPRDF) and commits it to a basically liberal economic agenda.

The president also said Ethiopia's first free democratic regional elections would be held no later than March.

Meles Zenawi: abandoning Marxist policies

Nearly eight months after his ragtag rebel army stormed the capital and seized power, Mr Meles said his government had already prepared sweeping revisions of the investment and labour codes, transport policy and was studying how to liberalise trade, restructure the financial system and dismantle state-owned industries.

"We are newcomers to this. How can people expect us to go ahead and correct everything in a few months?"

The president said a government delegation would sign its first agreement with the World Bank in Washington next week for an Emergency Recovery and Reconstruction Programme which, with other donors, will be worth $650m until national elections in January 1994. The government, he said, was already prepared for the next round of talks in February on what would become Ethiopia's first structural adjustment programme. On the thorny issue of devaluation Mr Meles said: "It is no longer an issue of principle but one of timing."

In a surprising statement which suggests how far the ideological rethinking of the EPRDF has gone the president said: "We are fully committed to the transitional economic programme not only for the transitional period but also after it – which means if the EPRDF wins the national elections its economic programme will be the same."

The government's economic programme, so far a statement of intent, pledges to roll back state control and give greater opportunities to private local and foreign investors to own and participate in the economy. The only policy not open to debate, he said, was public ownership of land.

The president admitted that the political thrust of decentralising power to ethnically defined regions was fraught with "dangers and irrational fall-outs". But he said he believed an equilibrium would be found and that Ethiopia could "be united only under one condition – if the people desire. Any other attempt is a recipe for civil war."

Mr Meles said the most surprising thing he had experienced since taking power was the obstruction of the old bureaucracy.

"It was very easy to trust people in the bush, even with your life. Here it is very difficult to trust anybody."

Dressed in a double breasted pinstripe suit and smoking heavily, Mr Meles appeared as a thoughtful, softly spoken man still struggling to come to terms with dealing with the complex dynamics of a modern economy and the problems of applying a set of principles developed in the bush into a pragmatic mode of governing.

OBITUARY: WOLFGANG LUETKENS

Meticulous journalist who disliked small minds

WOLFGANG LUETKENS, who died suddenly in London on Thursday night aged 69, was known to generations of colleagues on the Financial Times as a meticulous and learned journalist and a kind-hearted mentor and companion.

German-born, but mostly English-educated, Wolf, as he was known to everyone, had an international background which served him well on a newspaper rapidly branching out into the European market. Appointed the paper's first full-time Bonn correspondent in 1958, after several years with Reuters news agency in the German capital, the objectivity and thoroughness which were the hallmarks of his German coverage are still remembered in both countries today.

After more than 10 years as the FT's Bonn correspondent, he became in turn Foreign News Editor, Deputy Features Editor and Foreign Leader Writer, but he was always happiest reporting on foreign affairs. His Reuter training made him suspicious of articles which mixed reporting with comment, and he was the scourge of writers who split infinitives or took liberties with the precise meaning of words. No one was more rigorous than Wolf, who became the paper's foremost authority on grammar and spelling.

How many times did the sight of the approaching dapper figure in a bow tie send his colleagues scampering for their dictionaries and encyclopaedias. Wolf was usually right and any touch of pedantry easily forgiven because it was never malicious. In the years following his retirement in 1987, Wolf was still writing letters to news editors on spelling and headline errors and was regularly asked his advice on the FT's style-book.

His most admirable quality, however, was that he abhorred flannel and pretentiousness. Wolf was always particularly scathing about judgments based on a lack of knowledge or conventional wisdom, such as blanket condemnations of Germany, long after the end of the Second World War. Discussions at leader conferences sometimes left him sighing heavily at some of the things he heard. "One must never forget that small minds also think alike," was one typical and memorable comment.

His intellectual rigour and moral rectitude were inherited from his parents and his impish, and sometimes eccentric humour, one suspects, from his English upbringing. Mr Luetkens senior was a German diplomat based in Bucharest, married to a German Jewish sociologist, when Hitler came to power in 1933. Showing unusual courage, Luetkens senior retired from the foreign service in protest shortly afterwards and brought his wife and son to England. The teenage Wolf, after having gone to the German school in Milan and being taught privately in Latvia and Romania, was then sent first to the Leys school in Cambridge and later to Brasenose College, Oxford.

Wolfgang Luetkens: thoroughness

He certainly had a warm, if critical, affection for England and for Wimbledon, where he and his wife Martina made their home. He also developed a close relationship with three other countries – Austria, his wife's birthplace, Canada and Switzerland – on which he became the newspaper's principal expert in the last years of his career and where he frequently went to write surveys.

His greatest loyalty, however, apart from his deep attachment to his family, was undoubtedly to the Financial Times, as illustrated by his insistence that he should write a leader on Austria after suffering a heart attack in Canada. The editorial was written while Wolf was waiting for a by-pass operation in a hospital bed and duly published.

Wolf Luetkens was born in Berlin on June 9, 1922 and died in Wimbledon on January 23, 1992. He was awarded the Verdienstkreuz first class by the German Federal Republic and the Knight's Cross first class by the Austrian Republic. He is survived by his wife, Martina, and daughters, Jane and Iris.

Polls give the Conservatives a narrow lead

By Alison Smith

THE TORIES edged into the narrowest of leads yesterday after a frenetic week of pre-election campaigning, with two opinion polls giving them leads of 1 and 2 percentage points respectively.

The polls came as the Tories gave a taste of likely manifesto pledges, with news of plans to extend proposed leasehold reforms in a way that would help people in London and the south-east particularly.

Mr Michael Heseltine, the environment secretary, is expected to announce the move next month, although the scheme has not yet received final ministerial approval.

The plan would enable private tenants with leases of 50 years or less to buy new leases of up to 99 years at market values. It would be available to those who did not qualify for the scheme announced last summer to extend rights for tenants of private flats in blocks collectively to buy leases at their market value.

Extending leases would help to ease the difficulties of selling leases with less than 50 years to run, because of difficulties of obtaining mortgages for such properties.

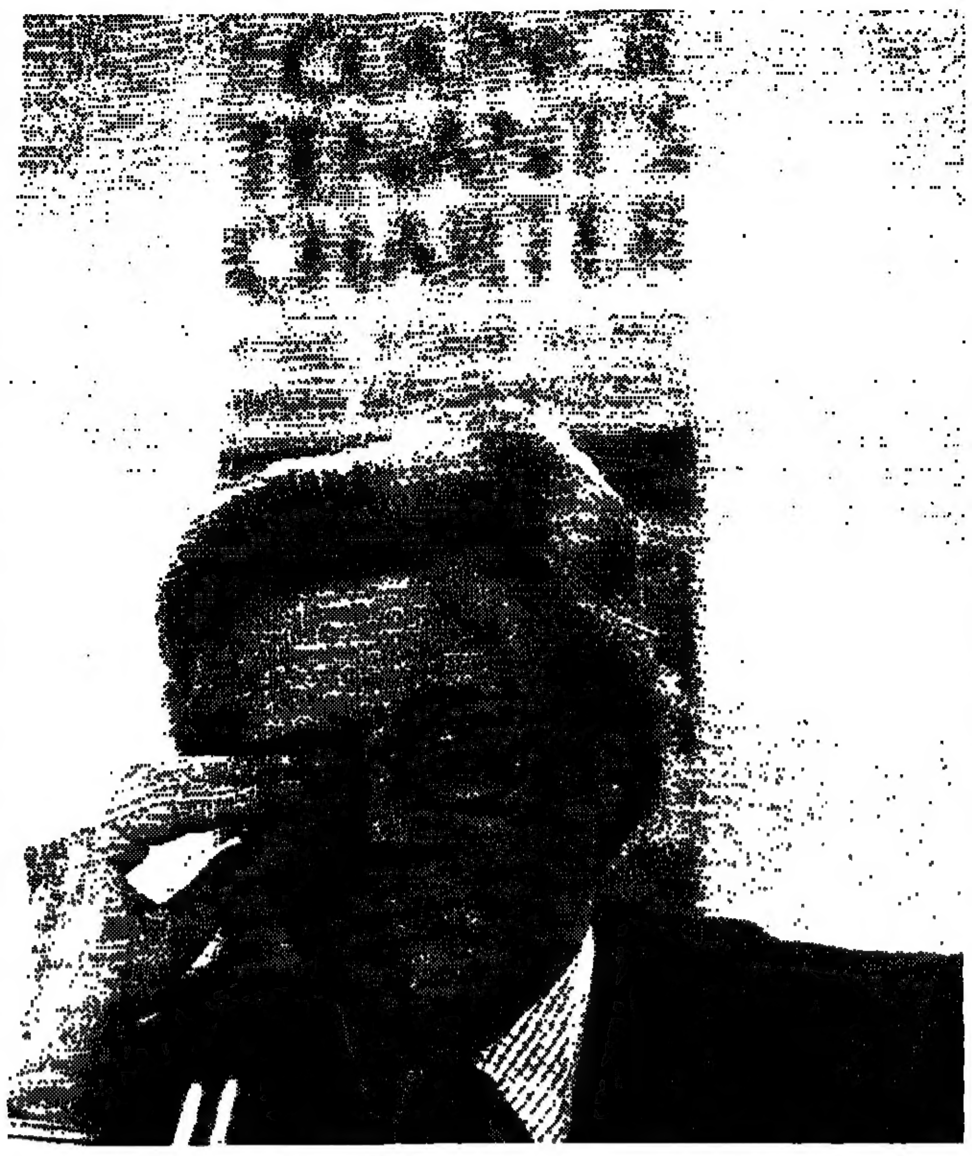
Labour and the Conservatives were poised for more campaigning at the weekend, as the polls suggested there was still everything to play for.

A Harris survey in today's Daily Express shows the Tories on 41 per cent, with Labour on 40 per cent, and the Liberal Democrats on 14 per cent. A Gallup poll in today's Daily Telegraph gives the Tories 40 per cent, compared with Labour on 38 per cent. The Liberal Democrats are on 16.5 per cent.

There is some comfort for Labour, however, in that a similar Gallup poll published a week ago, showed the Tories with a 4½-point lead on 42 per cent while Labour was on 37½ per cent. The Liberal Democrats were then on 16 per cent.

Mr Neil Kinnock, the Labour leader, kept up the pressure on the government's economic management, with a further attack on "the rose-tinted view which put Britain into recession and will now do nothing useful to foster recovery".

He also warned that a cut of 1p in the basic rate of income tax in the Budget would mean little to the majority of earners.



Charting a course: Michael Heseltine yesterday launching the scheme in Birmingham

Council tenants to gain home repairs scheme

By John Willman and Alison Smith

COUNCIL tenants are to gain the right to have urgent repairs to their homes carried out at the local authority's expense under provisions set out in a new Tenant's Charter, published yesterday.

A consultation paper will be issued towards the end of next month setting out proposals for a scheme dealing with urgent repairs needed to make council homes safe or secure, such as blocked drains or broken water heaters.

The scheme will allow tenants to approach an approved contractor to do the repairs if the council does not act promptly. The bill would be sent directly to the council, so that the tenant would not have to pay for the work and then claim the money back.

Councils would have to consult tenants on which repairs were covered by the scheme and the time to be allowed before the tenant could take action.

In addition to listing tenants' statutory rights, such as security of tenure and the right to buy, the charter also sets out guidance on good practice for councils in dealing with tenants.

For example, housing officers should wear name badges, have answering machines to take messages when offices are not staffed and answer inquiries promptly.

Launching the charter in Birmingham, Mr Michael Heseltine, the environment secretary, said many local authorities had made great strides in recent years in improving their management performance. Nevertheless, too much council housing was "badly maintained and poorly serviced by bureaucrats who are remote, inefficient and out of touch with tenants' needs".

He added: "The Tenant's Charter aims to improve quality, provide choice, set standards and give value for money in housing.

Mr Bryan Gould, the shadow environment secretary, said the charter was merely a pre-election stunt "to shift the blame for the housing crisis and massive repairs backlog to local councils, when it is almost entirely government policy that is to blame".

He criticised the exclusion of private tenants and housing association tenants from the charter. He urged Mr Heseltine to allow councils to spend their capital receipts on new homes and repairs.

NatWest reduces mortgage rate

NATIONAL WESTMINSTER, second-largest of the "big four" clearing banks, yesterday cut its mortgage interest rate from 11.55 per cent to 10.99 per cent, David Barchard writes.

The reduction matched last week's cuts by Abbey National bank and several large building societies.

Several other large banks said they were keeping their mortgage interest rates under review but had no immediate plans to make a cut. Lloyds said it would review its rate at the weekend.

Conoco gas find in North Sea

CONOCO, the oil and gas arm of the Dupont group, said yesterday it had found gas in North Sea block 44/17. It estimated that the well, 110 miles off the Lincolnshire coast, might flow at a stabilised rate of between 10m and 15m cu ft a day.

Conoco said it was evaluating further the commercial viability of the prospect. Conoco has 60 per cent of the block, Ranger Oil 20 per cent and Cairn Energy and Union Jack 10 per cent each.

Lotus sheds 70 more jobs

LOTUS CARS, General Motors' troubled UK sports car subsidiary, is to shed a further 70 jobs, bringing the total lost since the middle of last year to 370, or more than 40 per cent of the work force.

Lotus said Lotus Engineering and Millbrook Proving ground, its research and development and consultancy engineering subsidiaries, were unaffected. They also escaped the earlier cuts.

Nadir seeks court order

MR ASIL NADIR, former Polly Peck International chairman, is to seek a High Court order halting the £378m claim against him by the company's administrators.

The court was told yesterday that the application for suspension of the administrators' civil action would be on the ground that it was based on allegations similar to those on which Mr Nadir faces criminal charges and that he had now been adjudicated bankrupt.

Canary Wharf move by Masius

OLYMPIA & York, the Canadian property developer, yesterday announced two letting deals at Canary Wharf in London's Docklands.

D'Arcy Masius Benton & Bowles, a US-owned advertising group, has taken 90,000 sq ft while Maersk, a shipping group, has taken 38,000 sq ft. The terms were not disclosed.

The developers have now let 2.6m sq ft of the 4.3m sq ft first phase of the project. The completed project will provide 10m sq ft of space.

Bill on access to records fails

A FURTHER attempt to prevent the government cloaking its activities in unnecessary secrecy failed in the Commons yesterday.

The Freedom of Information Bill, sponsored by Mr Archie Kirkwood, Liberal Democrat MP for Roxburgh and Berwickshire, was denied a second reading after being strongly criticised by Mr Tim Renton, minister responsible for the Civil Service.

The Bill sought to establish a broad right of access to official records for the public.

Tory authority services criticised by Labour

By Alison Smith

LABOUR AWARDED "wooden spoons" yesterday to three Tory councils for "lack of achievement" to highlight the quality of services provided by local authorities. The move was intended to pre-empt the government's renewal of emphasis next week on the Citizen's Charter proposals.

Seeking to upstage Monday's launch by Mr John Major of the "chartermark" as a symbol of excellence in public services, Mr Bryan Gould, shadow environment secretary, published a Labour report contrasting the performances of the best and worst local authorities in terms of providing services.

The launch will mark the start of Tory campaigning on the Citizen's Charter proposals. Charters for specific areas will deal with matters such as how staff treat the public, rather than in changes to the work organisations.

Mr Gould said that Labour-controlled councils had been implementing their own plans for quality audits well before Mr Major produced the Citizen's Charter.

Birmingham wins urban development corporation

By John Willman and Paul Cheeseright

MR Michael Heseltine, the environment secretary, yesterday announced an urban development corporation for Birmingham with an injection of £50m over five years.

The announcement confirmed a report earlier this week that a new corporation would be set up for the Birmingham Heartlands area of east Birmingham.

The £50m of government money was described as "crucial funding" by Sir Reginald Eyre, chairman of the existing development agency for the area, who is to chair the urban development corporation. The corporation will also be equipped with statutory powers, including land acquisition and planning powers.

Sir Richard Knowles, leader of Birmingham City Council, will be deputy chairman of the corporation. Mr Heseltine's readiness to give the council a significant role emphasises the government's more flexible attitude to working with Labour councils.

The 11 existing urban development corporations are due be wound up in the mid 1990s. The announcement of another corporation appears to be a pragmatic response to the particular obstacles to regenerating the Birmingham Heartlands area, rather than a new lease of life for the corporations.

Birmingham Heartlands is 2,350 acres of industrial estates, low-cost and council housing, gas holders, distribution depots and derelict land, criss-crossed by roads, railways and canals. With a population of about 13,000, it is south and east of the M6 "Spaghetti Junction" and north-east of the city centre.

Since 1987, the development agency for the area has been Birmingham Heartlands Ltd, a company 35 per cent owned by Birmingham City Council and 65 per cent by five construction groups: Bryant, R.M. Douglas, Galliford, Tarmac and Wimpey.

Seen as a model partnership for stimulating economic and social revival in decayed areas, Heartlands relied on government money to prime development. Individual projects received grants and the Department of Transport agreed to provide most of the finance for a £84.7m road through the area to open up new sites for development.

The government has recently focused its urban regeneration effort on City Challenge, in which local authorities draw up development schemes and compete for government funds. Birmingham City Council was unsuccessful in last year's first round of City Challenge bidding, leaving a £37.5m hole in plans for land reclamation and infrastructure projects.

The recession made private-sector partners increasingly reluctant to commit funds to speculative property ventures, further reducing development. In response, Sir Richard Knowles and Sir Reginald Eyre asked Mr Heseltine to create an urban development corporation.

Heseltine renews drive on poll tax defaulters

THE GOVERNMENT was on the attack over the poll tax yesterday at the end of a week that has seen the issue once again embroiled in controversy.

Mr Michael Heseltine, the environment secretary, pledged in an interview on BBC Radio's Today programme that non-payers "are not going to get away with this".

The government has ordered emergency regulations extending the two-year limit for court proceedings to be brought against defaulters to six years.

It is trying to close off another legal loophole, which this week had one London stipendiary magistrate deciding that computer records of poll tax payment were inadmissible as a basis for liability orders.

According to the Association of London Authorities, London councils have issued 1.8m summonses for non-payment of the poll tax and obtained more than 1.2m liability orders since April 1990. That means one in three London adults has been summoned.

A sample survey of local authorities carried out by the FT provides further evidence of the difficulties some local authorities face in implementing the tax.

Liverpool City Council's poll tax difficulties have been made particularly acute because of a long-running industrial action and troubles with its computer. It is facing a total of £45.6m (66 per cent) in uncollected poll tax bills this year and is having to build in a £11.3m non-payment provision into its budget target.

There is better news in Warrington, where 12,699 have not paid anything so far this year out of 135,600 payers. The council officers has made a 5 per cent provision for non-payment in the budget. Officials are reasonably confident of achieving 95 per cent collection this year, provided the government's legal dispute is settled. The poll tax is still likely to be increased by about £15-£16.

In Chesterfield about 6,000 (8 per cent) have paid nothing at all. The local authority has made a 5 per cent budgetary provision for non-payment. Next year the £263 poll tax is likely to be increased by 5 per cent to 6 per cent to cover non-payment. Newcastle upon Tyne City Council says it has 14,400 out of 220,000 registered poll-tax payers who have paid nothing at all. It has made a 5 per cent provision for non-payment

Manchester City says 78 per cent of its expected figure has been collected so far. Next year's poll tax will not be

Local councils face a range of difficulties in combating non-payment

increased to cover the 1991-92 shortfall because it can borrow for up to two years to cover it. It will, however, need to be increased to cover the amount written off from the 1990-91 non-collection – about 11 per cent to 12 per cent of the total. That will add about 5 per cent to next year's bill.

One official said: "There seems to be a general feeling abroad that the poll tax has been abolished and they don't have to pay, which isn't true, of course. We will be going for the money to the death – and beyond. I can see us still collecting poll tax money in 1995."

Haringey Borough Council has about 160,000 names on its community charge register, and of those about 70,000 have not paid anything so far this year or are seriously behind in their payments. Another 30,000 are at least partly in arrears.

The council is due to collect a total of £49m this year. So far, it has collected £21m and expects to be £15m short by the end of this financial year. Last year a shortfall of £15m meant that £61.85 had to be added to the community charge.

The council is block-booking courts to pursue non-payers, although only one has been jailed so far. This week the council managed to avoid current legal questions over the admissibility of computer records as evidence in court by having a council official swear that the computer printout constituted a true copy of the council's records.

An officer of Lambeth Borough Council said its finances were in such a mess, due to a combination of internal difficulties and snags with computer systems, that it was not able to calculate figures for how many people had not paid and how much was still owing.

The Royal Borough of Kensington and Chelsea was also unable to give figures for the number of defaulters because the population of the borough has a 50 per cent turnover rate each year, and many people on the register are no longer liable for the charge.

Mr Craig Scott, a council spokesman, said: "A lot of properties in this borough, particularly in Notting Hill and Earls Court, are split into flats and separate rooms. It is very difficult to get access to see who is living there. Someone may only be in the borough for one month but they stay on the register and are billed."

Nevertheless, the borough last year had a poll tax collection rate of 105 per cent. "Last year on the register we only had 82,000. Actually this year there are 106,000, so obviously we are getting in more money. That is why we have got a 105 per cent collection rate. That does not mean to say we are not chasing people up for non-payment," said Mr Scott.

Westminster Borough Council, which has one of the lowest poll tax levels in the country, at £36, has 25,000 people on the register who have not paid anything so far this year. That is almost 17 per cent of the total number registered, though again some may have moved on.

About 88 per cent of the total amount due this year has been collected.

Reflecting political sensitivity on the issue in the approach to the election, some councils were reluctant to comment, let alone give figures.

In Birmingham an assistant treasurer responsible for collecting poll tax said: "The new figure for the poll tax is going to be political dynamite."

Reports by Jimmy Burns, Bethan Hutton and Neil Buckley.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Military base guards to lose union rights

By Lisa Wood and Ivor Owen

SECURITY GUARDS at military installations are to lose the right to be represented by unions affiliated to the Labour party. The TGWU and GMB general unions have been told by the Ministry of Defence that the rules will change in April.

The MoD said the decision had been taken because it was "the government's view that political affiliation by a trade union would run counter to the need for the political neutrality of the Civil Service".

The move led to protests from Labour MPs in the Commons. Mr Gerald Bermingham, Labour MP for St Helens South, called for an early statement by Mr Michael Howard, the employment secretary.

He accused the government of seeking to extend the ban on trade-union membership applied to white-collar staff at GCHQ, the government communications centre at Cheltenham. The eighth anniversary of the ban is to be marked with a rally in Cheltenham today.

The TGWU and the GMB general unions represent 2,400 security guards at military bases and MoD offices throughout the country.

All security guards at such establishments are vetted for security purposes.

Last April the MoD said it wanted to rationalise its security guards, many of whom were locally employed on varying terms and conditions. The MoD said the unions had been consulted over the rationalisation.

Attacking the decision on Labour-affiliated unions, Mr Danny Bryan, TGWU national officer, said: "This is an absolute outrage and a vindictive attack on trade-union rights as well as on workers." He said guards were also worried about losing their jobs as a result of the rationalisation.

Mr Bryan added that the two unions had written to Mr Howard, asking him to intervene.

The NUCPS civil servants union, which represents a small number of supervisory guards but is not affiliated to the Labour party, will be allowed to continue negotiating pay and condition for its members.

MoD man recalls fears about tubes for Iraq

By Richard Donkin

A MINISTRY of Defence scientist told MPs in a private session on Wednesday that he had been warned in June 1988 of fears that immense steel tubes ordered for Iraq might be intended for a missile project. His statement was published yesterday.

The evidence on the Iraqi supergun programme from Mr Bill Weir, a ministry metallurgist, was given to the Commons trade and industry commitee.

Mr Weir said he had been approached by the Department of Trade and Industry for advice, but was given insufficient evidence to decide whether the tubes were for a gun.

He said he had telephoned Mr Rex Bayliss, managing director of Walter Somers, the Halesowen company asked to produce the smaller of two guns in the programme.

Mr Bayliss had told of his concern that he had been asked to produce missile tubes, and six days later he said the tubes were "probably for Iraq".

Mr Weir said he had also known that Space Research Corporation had designed the tubes and was involved in the design of guns.

Navy job cuts and closures attacked

By David White, Defence Correspondent

UNION LEADERS and Labour politicians yesterday attacked closures and cuts at Royal Navy support facilities involving 2,500 civilian jobs.

South-west Wales will be seriously affected. The Trecwn armaments depot near Fishguard is to close with the loss of 500 jobs and the ending of jet pilot training at Brawdy near Haverfordwest will mean 80 civilian redundancies.

However, overall job losses in naval support have been reduced by more than 300 compared with plans announced last July and discussed with unions. The jobs saved are at the Rosyth base on the Firth of Forth - where 800 employees are still due to go – and at a stores depot at Copenacre in Wiltshire. The latter will not now be closed but 550 jobs are to be cut.

The navy will go ahead with shedding 380 jobs at the Ernesettle armaments depot near Plymouth and closing the naval air station HMS Daedalus at Lee-on-Solent, employing 200.

The MoD said the cuts should save £300m over 10 years. It hoped staff would transfer to other areas, but some redundancies would be unavoidable.

Mr Tom King, defence secretary, accused opposition parties of "a blatant attempt at gross deceit" in pretending their proposals would be less harsh.

Mr Allan Rogers, a Labour defence spokesman, said the measures would be "absolutely devastating" for south-west Wales. He dismissed charges that cuts would be worse under Labour as "another Tory lie".

The Ministry of Defence is to assist the Welsh Office in setting up a "task force" to study possibilities for new industries. Mr David Hunt, Welsh secretary, announced £2.2m in emergency short-term aid for rural west Wales.

About £40m is to be spent at RAF St Athan, near Cardiff, due to take on maintenance work from other RAF stations.

Stores weigh benefits of Sunday trading

John Thornhill on the virtues and vices of seven-day opening for the grocery trade

AS THE row about the virtues or vices of Sunday trading starts to abate, the grocery trade is beginning to assess whether the profits from seven-day trading outweigh its difficulties. The equation is a complicated one; the early conclusions mixed.

At one level Sunday opening has proved a conspicuous success. Many shoppers clearly appreciated the opportunity to buy food on Sundays in the run-up to Christmas. J. Sainsbury, for example, was forced temporarily to shut its doors at some stores because of the deluge of consumer demand. But it would be misleading to draw sweeping conclusions from this atypical trading period.

While it may have been profitable for stores to trade on Sundays in December it may not pay them to do so in the slow trading months early in the new year.

Budgens, the neighbourhood grocery chain which was one of the first food retailers to open on Sundays, announced this week that it would scale down its experiment with seven-day trading because of the extra costs and intensified competition.

Another indication of the trend is that many of the bigger grocery chains have reduced the number of stores they open. For example, the Safeway chain opened 229 of its 264 outlets in England and Wales in the run-up to Christmas but has since settled on a figure of 114.

Nielsen, the market research company, has reported a significant fall in demand for Sunday shopping following Christmas. Extrapolating from a sample of 7,100 consumers, Nielsen suggests that 2.4m homes went shopping on December 22 dropping to 800,000 by January 12. But it suggested that the Sunday shopper was likely to spend far more on average than those shopping during the week.

Even though demand may have dropped, it may still be profitable for stores to open. In a recent stockbroker's report, Mr Bill Myers, food retailing analyst at Henderson Crosthwaite Institutional Brokers, estimated that the big grocery chains had only to increase their total sales by 2 per cent to make Sunday trading profitable.

He argued that the extra labour costs of opening on Sundays represent a small proportion of the fixed costs of running a superstore. He said that there were considerable benefits to be gained from more efficient usage of capital, plant and distribution networks and reduced levels of wastage.

"Just like many things that have happened in the sector in recent years Sunday trading is another spur to efficiency – but only for the bigger and better grocers," he said.

The opportunity to generate additional sales and win market share from smaller independent operators is crucial for the long-term success of Sunday trading for the big multiples.

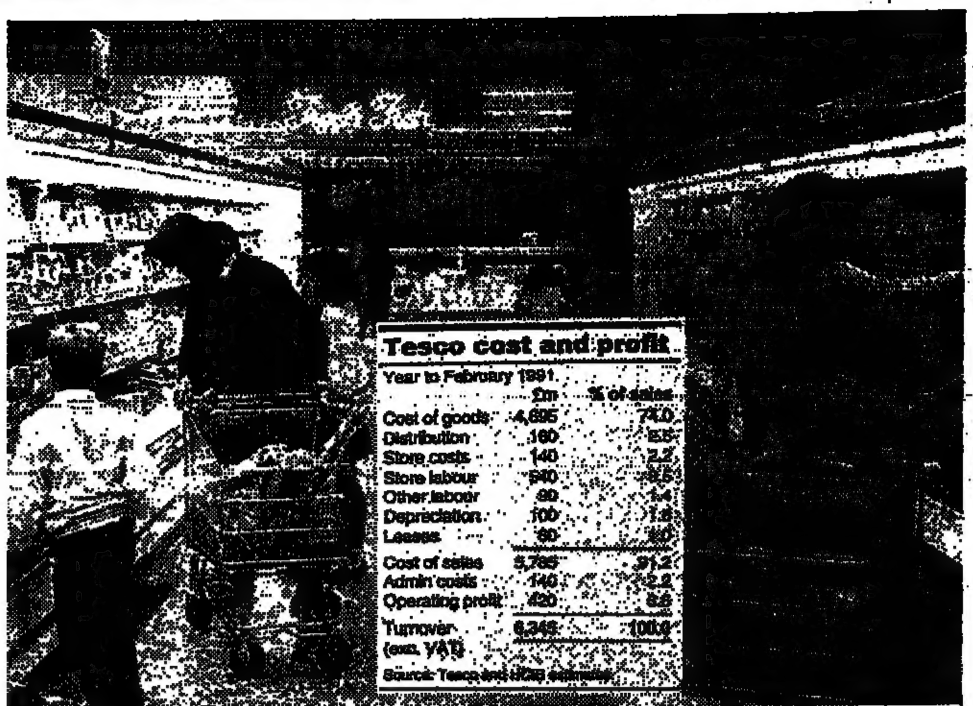
In a recent report on the grocery market, Verdict, the retail consultants, found that the big food retailers were indeed stimulating additional sales and were not just spreading the week's sales more thinly over seven days instead of six. It estimated Sunday food sales at £50m a week – equivalent to more than £2.5bn a year. In total, the UK food market is worth about £44bn.

But perhaps the best indication of the shape of things to come on the Sunday trading front in England and Wales is the example of Scotland, where seven-day trading has long been legal. Hundreds of grocery stores trade profitably all week. In the case of the Asda grocery chain, for example, Sunday sales account for 16 per cent of the total, representing its third best trading day. But Asda believes it will take a long time to build up a similar proportion of sales in England and Wales.

One added factor in the cost equation in England and Wales is that of public perception. None of the directors of the big supermarket chains relish the adverse publicity associated with "law-breaking".

Additional moves by Usdaw, the shop workers' union, highlighting the implicit pressure that some companies have put on staff to work on Sundays, has reflected badly on a trade that is highly dependent on fostering a responsible image with its customers.

But in the absence of government action, the simple answer to whether the big chains will continue to open on Sundays is that while their competitors remain open they cannot afford not to do so themselves.



Tesco cost and profit

Year to February 1991

	£m	% of sales
Cost of goods	4,695	74.0
Distribution	160	2.5
Store costs	140	2.2
Store labour	540	8.5
Other labour	90	1.4
Depreciation	100	1.6
Leases	60	1.0
Cost of sales	5,785	91.2
Admin costs	140	2.2
Operating profit	420	6.6
Turnover (exc. VAT)	6,346	100.0

Source: Tesco and [illegible] estimates

Tesco's accounts show how small are labour costs within total cost of sales. It is argued therefore that sales only have to rise 2 per cent for Sunday trading to be profitable

BBC workers to protest at increase in job losses

By Raymond Snoddy

BROADCASTING unions at the BBC are planning a "day of action" in the spring to protest about increasing job losses at the corporation.

Mr Tony Lennon, joint president of Bectu, the broadcasting production union, described the move yesterday as a vote of no confidence in Mr John Birt, the BBC deputy director-general who has already been designated as successor to Mr Michael Checkland, the director-general.

The BBC has announced more than 300 job losses this week. It says 3,000 jobs are due to go before the end of 1993 as part of the programme of cutting costs and improving efficiency, and reflecting the move to independent production. Two thousand BBC jobs have been lost in the past four years.

New York air fare cut to £199

By Daniel Green

BRITISH Airways, American Airlines and United Air Lines of the US cut their cheapest transatlantic return fares to £199 yesterday in a battle for low-season customers.

At the start of the week most tickets cost £299. All three carriers reduced their cheapest fares to £229 on Tuesday.

The price war was officially initiated by American, which applied to the UK Civil Aviation Authority to sell at the lower prices. It said, however, that it "responded to British Airways offering an off-tariff fare to ticket retailers." Off-tariff fares are those traditionally sold through unofficial discount outlets known as "bucket shops".

British Airways denied selling any tickets at £199 and called its mimicking of to American's official price cut "a prudent competitive response".

The £199 fare applies on Monday to Friday travel to eastern seaboard cities.

It is available until March 15 and all travel must be completed by April 12. Tickets can be booked only up to seven days in advance. A Saturday-night stopover is required and the maximum length of stay is 21 days.

Last night Virgin Atlantic cut its £269 fare for tickets bought within 21 days of departure to £199.

● KLM, the Dutch airline which is discussing a possible link with BA, said yesterday it would raise capacity on its European route network by 20 per cent.

Dons divided on university's future

Anthony Moreton reports on the row over higher education in Wales

THE future shape of the century-old University of Wales has become the subject of a sharp debate among academics which would do credit to C.P. Snow and his novels on Cambridge life.

Accusations of "centralist philosophy" and "central bureaucracy" are some of the more polite expressions being bandied about.

The head of University College, Swansea, has warned senior colleagues of the dire consequences of proposed changes in the university's structure. Five of the principals of the six colleges have written to Mr David Hunt, Welsh secretary, telling him of their opposition.

The cause of the imbroglio is debate about the way the university should be administered after government changes to the funding of universities.

Three years ago the university looked at itself and decided changes were necessary if Wales, a federal body encompassing five university colleges at Aberystwyth, Bangor, Cardiff, Lampeter and Swansea and a college of medicine in Cardiff, was to stay in the top rank.

One of the recommendations was the appointment of a deputy pro-chancellor, Sir John Meurig Thomas, a distinguished chemist, to assist the pro-chancellor, Lord Cledwyn, the Labour party leader in the House of Lords. Sir John's proposals for the future have provoked the dispute among academics.

Wales was established as a loose federal body, awarding degrees, undertaking some central functions and generally leaving the colleges largely autonomous. Sir John says there are flaws in the way federalism is working. "We now have a wonderful opportunity to take a federal university which is not really functioning as one in a proper federal direction," he says.

Opposition to his proposals is supported by a minority who did not want anyone appointed to a role they saw as undermining their own powers and influence.

"We are living in a world of increasing financial stringency and also of increasing sophistication," Sir John says. "To meet the new world we need to be more sophisticated ourselves – to undertake more advanced research, more effective teaching, more seminars, more tutorials of the sort at which Oxford and Cambridge are pre-eminent."

Sir John would like to use the university's video link, for instance, to set up inter-college teaching, whereby a lecturer in, say, Bangor would simultaneously teach students in the other colleges. "Many departments in the colleges undertake world-scale work," he says. "Microbiology at Aberystwyth, advanced materials at Swansea are just two of them."

Video links would bring this world work in specific departments to the whole university. Moving along such a course would make Wales a world university.

To Mr Brian Clarkson, principal of Swansea, it all smacks of centralism. In November he wrote to his senior colleagues accusing Sir John of "building up a central bureaucracy and attempting to usurp the planning role of the colleges."

Sir Aubrey Trotman-Dickenson, principal at Cardiff, followed with a letter to Mr Hunt on behalf of the five principals – Lord Morris, of Lampeter, who retired at the end of December was not included in the joint submission – saying the university should remain "primarily as a degree-awarding body, while retaining some general functions such as management of endowments".

There is an implied threat that if Sir John's view holds sway, the colleges might break away from the university and seek individual full university status themselves. The opposition to tighter federalism is closely linked to the government's new funding proposals for higher education.

Mr Hunt has announced the setting up of a Higher Education Funding Council for Wales when the government replaces the Universities Funding Council. The five principals in Wales believe Sir John Meurig Thomas will use the opportunity of the change to ensure money for Wales comes through the university administration and is then allocated to the colleges. The colleges want to deal directly with the funding council.

"The removal of the redundant University of Wales machinery could provide a useful financial contribution towards the running of the Welsh funding council and save immediate capital expenditure," Sir Aubrey has stated.

Sir John has counteracted strenuously, calling Sir Aubrey's letter to Mr Hunt, "tendentious".

Not all the staff agree with the principals. Many are concerned that if the colleges go their own way they might be cut off from finance for research.

Sir John is determined to introduce change. He has told the principals that "my experience tells me an element of central planning – not interventionist bureaucracy, which nobody wants – is absolutely essential. This is one of the key facts that I learnt at Cambridge. It is what will improve our rankings as a university."

Two meetings this spring should settle the issue. Sir John hopes everyone will "work harmoniously together" in the new year. It is about as likely as any of the plots C.P. Snow devised about life in Cambridge.

Study faults unions on black staff

THE FIRST investigation into the position of black workers in trade unions has disclosed that unions lag behind best practice in the private sector and local authorities Catherine Milton writes.

Ten unions, representing about 60 per cent of TUC membership, took part in the study commissioned by the TUC and published yesterday.

Researchers say the unions' employment practices are unsatisfactory. Monitoring of employees by ethnic background is limited and there is little training for recruiters.

The GMB, TGWU and MSF general unions; Nupe and Nalgo public-service unions; Usdaw, the shop workers union; NCU, the communications union; IRSF and NUCPS, the Civil Service unions; and the FBU, the fire fighters' union, took part.

UK NEWS

Civil servants call London one-day strike

By Michael Smith, Labour Correspondent

MORE THAN two thirds of London's civil servants have been ordered by their unions to strike next Friday in a series of 24-hour stoppages that may close government buildings and publicly owned libraries and galleries.

Members of the GPSA and NUCPS Civil Service unions working in the capital have voted to authorise the strikes in protest against the government's refusal to raise the London weighting in each of the last three years.

The action by up to 45,000 civil servants will affect Job-centres and the passport office and might cause difficulties at airport customs-and-excise operations.

Union leaders said workers at the Tate Gallery, the Natural History Museum, the British Museum, the British Library, the Equal Opportunities Commission and the Commonwealth Institute would be asked to strike, forcing some institutions to close.

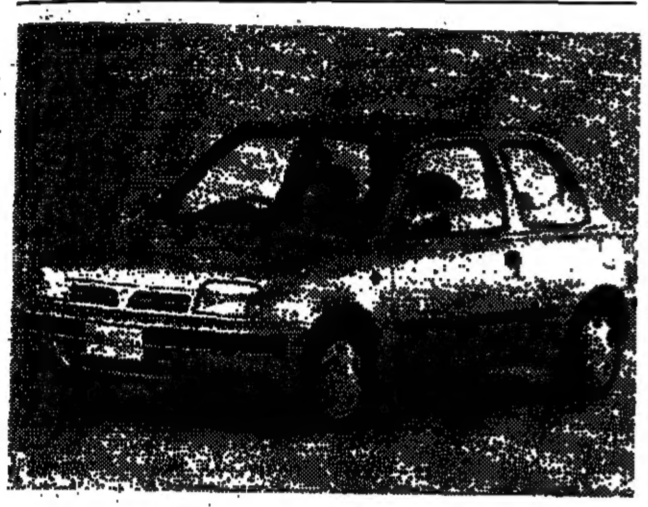
Members of the other Civil Service unions, which have higher-paid and more senior members, are expected to work normally. Members of the Inland Revenue Staff Federation voted against a strike.

In the NUCPS ballot 3,867 voted for a strike and 2,770 against. The CPSA vote was 4,579 to 3,113. The turnouts were 30 per cent and 33 per cent respectively.

The Treasury stopped increasing London weighting allowances after 1988, targeting resources instead on increasing basic pay for some Londoners and introducing local pay additions for workers who are hard to recruit and retain.

The unions are angry because not all workers have received LPAs or basic-pay rises for working in London. Some, including support grades in the NUCPS, have received neither. Mr Leslie Christie, NUCPS general secretary, said that in some cases London weighting of £1,750 for central London amounted to 25 per cent of salary.

They are claiming a central London allowance of £2,155, £1,230 for five to 10 miles (the current allowance is £1,000) and £925 for 10 to 18 miles (£725).



IN TOKYO yesterday Nissan Motor announced its new small car range which will be at the centre of its £150m expansion of its UK assembly plant at Sunderland, Kevin Done and Steven Butler write.

Production of the new generation Nissan Micra, (pictured above) sold as the Nissan March in Japan, is expected to begin in the summer. The £150m expansion will raise Nissan's investment in the site to £850m.

The car is expected to go on sale in Europe in the late autumn.

The Sunderland plant will become the sole production source for Micras to be sold in Europe and will replace the direct exports from Japan of the existing Micra.

Nissan is planning to build 35,000 new-generation Micras at Sunderland this year, with output rising to 130,000 next year.

The new Micra will be added to the existing output of the Nissan Primera family car. Total output is planned to rise to 175,000 this year and 270,000 next year.

The launch of the UK-built Micra will form part of Nissan's efforts to penetrate the southern European markets of Spain, Italy and France, which traditionally have been dominated by small cars.

Warning over 'credit repair' companies

By David Barchard

CONSUMERS WHO want to improve their credit history risk committing fraud if they give false information to get their records upgraded, Sir Gordon Borrie, director-general of fair trading, warned yesterday. He said that consumers should beware of advertisements by "credit repair" companies.

They offer help in removing unfavourable credit history information from credit reference agency records and guidance on making a successful credit application.

"Consumers who have been refused credit should think twice before paying any fee to these companies," Sir Gordon said.

He added that booklets telling consumers how to make successful credit applications by giving answers that score the most points may be either misleading or incorrect.

Consumers who are turned down for credit have the right to be given the names of any credit reference agencies consulted by a lender and to obtain copies of any information held about them by the agency. Consumers can also have their files corrected if the information is wrong.

Peps help recovery in unit trusts

By Philip Coggan, Personal Finance Editor

THE POPULARITY of Personal Equity Plans (Peps) helped unit-trust sales recover last year after a disappointing 1990.

Net investment in unit-trust Peps was £652.2m last year, contributing about a quarter of the industry's net investment for the year. Investments in a Pep are free of income tax and capital gains tax.

Further encouragement was that the industry was attracting retail, rather than institutional, investors. Net direct investment by individuals in the first three quarters of last year was £1.73bn, compared with £757m by institutions.

The recovery of unit-trust investment last year was helped by the strong stock market. Yet the industry's overall net investment figure for the year of £2.77bn, while up on the £392m recorded in 1990, was well down on the £8.2bn in the peak year of 1987. At the end of the year, the value of funds under management was £55.1bn, up from the £46.3bn at the end of 1990 but down from the peak of £58.2bn at the end of 1989.

Halifax will charge on low funds

By Scheherazade Daneshkhu

HALIFAX, Britain's largest building society, confirmed yesterday that it is to impose charges on customers with low balances in their savings accounts from February 1, but said its decision was fair to most of its customers.

The society, which made pre-tax profits of £593m last year, said its margin on interest earned from mortgage-lending and interest paid to its 3.6m savers was being squeezed.

Customers with balances of less than £250 are now allowed two free withdrawals a month, but will have to pay 60p for further cash withdrawals and £1 for cheques.

People with balances of less than £50 for 30 days or more in each quarter will also have to pay a quarterly charge of £2.50. Account holders aged 21 or below are exempt from the new charges.

Halifax said low-balance savings accounts used frequently by customers were run at a loss to the society.

Abbey National, Halifax's main rival, said it had no plans to make a similar move.

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Weekend January 25/January 26 1992

The price of a Tory vote

HOWEVER MUCH the government may dream of buying the election, there is no case for a cut in the standard rate of income tax. Mr Norman Lamont, the chancellor of the exchequer, may be tempted to knock 1p off, reducing the rate to 24p, when he presents his Budget on March 10, but he should remain true to his characteristic sense of prudence.

Many will advise him to throw caution to the winds in order to save the government's skin. It is thought by some Conservatives that a cut in personal taxation would put Labour on the spot, since Mr Neil Kinnock is pledged to reverse any reduction. If the Budget was quickly followed by an election, voters would prefer to keep the money.

In practice a 1p cut would certainly be poor fiscal management and probably bad politics. Consider, first, the Budget strategy. A penny off the basic rate of tax here, an increase in the tax thresholds by more than the rate of inflation there, and pretty soon one is talking serious fiscal profligacy. Against that, Mr Lamont is publicly committed to the proposition that the Budget should be balanced in the medium term over the cycle as a whole. The chances that the Budget will be so balanced are already minimal. If the government made inroads into the overall tax take in March it would become non-existent.

In the Autumn Statement the Treasury suggested that the public sector borrowing requirement would be 3 per cent of gross domestic product in 1992-93. Given the dismal statistics on the economy published since last November – some of them released only this week – this is certainly an underestimate.

Since general government expenditure was also set to grow at 3 per cent a year in real terms between 1990-91 and 1994-95, the chancellor's forecast of a medium term budget balance depends on the achievement of a sustained period of above-trend growth. At the current sterling parity and real rates of interest, that is about as likely as a Welsh victory in the five nations rugby championship this year.

ERM constraints

Having junked one rationale for its fiscal policy, an imaginative government could easily find another one. It could mutter about the constraint imposed by the ERM and appeal to the widely-held view that an active fiscal policy is a natural corollary of a fixed exchange rate. It could not do so without embarrassment.

If he were persuaded to ride out the political assault, Mr Lamont would also have to consider the economic context for such a looser fiscal policy. A country with a substantial current account deficit in the midst of a deep recession is not the ideal candidate for further incentives to consumption. If fine-tune the government must, then lower taxes on business and particularly on investment seem the better alternative. This would certainly be a better choice than lowering income tax.

'Economic competence'

As to the politics of the matter, it is not at all clear that a cut would be to the government's advantage. One of the Conservatives' most precious electoral assets is the public perception that they are to be trusted with the management of the economy. The Tories' "economic competence" rating scores consistently higher than Labour's. It has continued to do so even through a period when there has been reason to question that competence. A little light electoral bribery on March 10 might be met by a heavy barrage of criticism. That could destroy the Conservatives' image as the better economic managers.

There is also the evidence of the opinion polls. These indicate that there is an overwhelming majority, spread across all parties and income groups, that favours public expenditure over a cut in the standard rate. Politicians tend to disregard such results on the grounds that what people say in answers to questionnaires is different from what they do when they calculate the effect on their own incomes. This is true, but the size of the majorities against tax reductions suggests that there could be a residual loss for the government if it went that route.

This is not to say that the government has to go naked into the electoral arena. There is still time for it to refine a series of radical policies to offer the voters. There is plenty in Labour's programme that can be attacked, not least the unclarified starting level of higher rate taxation and the vague assurances that the removal of the ceiling on national insurance contributions may be phased in. Labour is vulnerable to the charge that its many promises cannot be kept without either a higher rate of economic growth than seems achievable under its proposals, or further taxation. One or other side of its equation – the rebuilding of the public-sector infrastructure or the means of financing it – must be unsound. There is no need for a Tory tax bribe to reinforce that argument.

Christopher Parkes on the threat of labour unrest in Germany

Industrial theatre

The curtain goes up tomorrow in Germany on the last act of a brand-new production of the Threepenny Opera. The international audience is more than usually restive. So far, the piece has been entertaining because it has an unusual cast and the words and music have been completely rewritten. All except for the ending. And work starts on that tomorrow.

In the story so far, the grand chorus of 360,000 steelworkers has taken on the combined might of the employers, government and economic establishment in a battle over pay. In the three months since the action started, the difference between the IG Metall union's claim and the steel industry's offer has been whittled down to around 10 pfennigs – 3p – an hour.

And there the music stopped. Union members start voting in a strike ballot tomorrow. The outcome will be known at the end of the week. There will then be a grand *dénouement*, its length and content decided largely by which way the 3p drops.

The steelworkers, normally walk-on players in the domestic pay round, have assumed a status, as one of their union leaders put it recently, "beyond their economic importance". Indeed, because they were first to the negotiating table and first to the ballot box, the influence of their votes could ultimately reach far beyond their own pocket books and the confines of dusty Duisburg, heart of the Thyssen steel empire.

The whole of Germany, all its European neighbours, and other industrial partners could be affected. At worst, recovery from recession in Britain, France and the US could be slowed further. At best, German interest rates might come down, others could follow, and flagging economies would be given a boost.

Can one little union branch carry so much clout? Yes, because it has a supporting cast of millions behind it. The scenario is straightforward. It has been decided in Bonn and Frankfurt, home of the Bundesbank, that if in current conditions the German economy is allowed to take another step up the pay-price spiral – last year's 6.7 per cent average wage settlement against annual inflation of 3.5 per cent was the first – the Bundesbank will leave interest rates at their current high level, or even put them up.

Either way, hopes of recovery in Britain and elsewhere will be damaged. At present, there is a consensus that if German pay deals are held below 6 per cent this year, then Frankfurt's hardline guardians of monetary discipline will respond at the end of the pay round by reducing key interest rates from the peaks to which they were shunted just before Christmas. If not, early cuts are unlikely, and a further increase cannot be ruled out.

Enter the steel workers. The 10 pfennig difference between the negotiators translates to a final offer of around 5.5 per cent from employers, up against a final demand from the unions for 6.5 per cent. It is the first, and certainly not the last, stand-off in the current round, which continues into the spring. The main body of IG Metall, numbering almost 4m engineers, and 3m OTV public service union members

are standing to one side with demands for 9.5 per cent rises at the ready. Across the country, with the exception of coal miners pleading for a rise to cover "inflation at least", unions have prepared claims averaging 10 per cent.

IG Metall's steel section, which was thrown into the fray with an initial 10.5 per cent claim, has so far refused to play the part of the sacrificial lamb. Hard-line members say the employers are mistaken to believe they will be easy meat, their morale weakened by the advancing wave of job cuts brought on by the slump in steel markets. Mr Ekkehard Schulz, chairman of Thyssen, meanwhile, has stated quite openly that he would rather face a strike than pay more than 6 per cent.

The employers have cast the IG Metall steel section in the role of the Trojan horse. They fear that if the steel workers are allowed to breach the 6 per cent barrier, the hordes will follow. The main IG Metall sections, one of which has already posted a claim for 9.5 per cent in talks due to begin in March, are unlikely to settle for less than their more lowly colleagues in the steel mills of North Rhine Westphalia.

The whole of Germany, all its European neighbours, and other more distant industrial partners could be affected

Government, industry and academics have warned repeatedly during the past six months that over-generous pay settlements will cost businesses dearly in lost competitiveness. The natural, inevitable result, they say, is that union members will lose their jobs. But the Bundesbank will not lose its nerve. It has coolly rebuffed all the many critics of its last turn of the interest rates screw. The value of the D-Mark, it insists, and the stability of the German economy are crucial to the well-being of the European Monetary System and thus of the European Community. Even a recession, in the Bundesbank's view, would be preferable to giving up its target of 2 per cent inflation.

Inflation, long acknowledged in all walks of life in Germany as the devil most to be feared, may be a worry for the Bundesbank, but curiously it is not the main factor motivating the unions' large pay demands. It has been more of an off-stage voice, its message ignored in the clamour. At 3.5 per cent last year, and expected to rise to an average 4.5 per cent this, it has been relatively high by German standards. But there are more powerful forces at work.

It has been displaced in shopfloor demonology this year by a more striking presence: a 7.5 per cent "solidarity" levy on income tax. Imposed for 12 months last July 1 to help fund the costs of German unity, and rolled up together with a package of increased duties on cigarettes, heating oil and petrol, it had an immediate and dramatic effect. Growth in private consumption of 4.5 per cent in the first half of the year dived to 1.2 per cent in the third quarter, and ended the year at just 2.4 per cent.

It is still a leading topic in pub talk, and the opposition SPD party keeps the arguments alive with constant claims that the levy should be retained. Despite fresh assurances yesterday from Mr Theo Waigel, finance minister, that it will be withdrawn on schedule at the end of June, the country's workforce feels, and says forcefully, that it has been cheated. The tax levy cancelled out last year's pay increases, and cheated working people out of their share of the "boom" profits earned by west German industry in 1991 as it worked at capacity to match pent-up demand from the east of the country.

While popular resentment has hardened union attitudes, misjudgments made in last year's post-unification euphoria have at the same time weakened the employers' position. Government undermined industry negotiators by starting the round of settlements with a 6 per cent rise for what the bulk of trade union leaders say are "unproductive" public servants. Companies wanting to avoid missing out on the unification windfall, avoided disruption only by paying out for an even more generous series of deals. This has led this year to an uncomfortable scramble among unions striving to restore differentials and the traditional pecking order.

The government also blundered last year when it announced plans to increase value added tax to 15 per cent from 14 from the start of 1993. This measure, which is currently blocked in the opposition-controlled Bundesrat, served only further to fuel this year's pay demands. However, the differences over pay and taxation policy between industry and government have been put to one side for the moment.

The motor industry, for example, is busy laying contingency plans for short-time working and lay-offs at its factories should the ballot lead to a strike. Government itself is drafting its strategy for dealing with the aggressive OTV public service union.

Financial market observers, meanwhile, are occupying themselves in trying to cheer everyone up. They claim, almost to a man, that everything will turn out fine in the end with 5.5 per cent all round. In the freezing Duisburg fog yesterday morning, while 4,000 workers gathered to cheer their leaders, their optimism seemed a little theatrical. One veteran of the last strike outing in 1978, said, puffing out his cheeks: "It's strike weather."

Coal dust flies as door shuts

Juliet Sychrava on the recent dismissal of Malcolm Edwards

Several days ago, Mr Malcolm Edwards, British Coal's top marketing man, arrived in Hobart House, the company's headquarters behind Buckingham Palace, to find his office door locked. He was then told not to come to work any more, or to make any contact with the state coal company's customers.

It was a sad end to 36 years in the coal industry for the man who was once a longshot tip for the chairmanship of British Coal. After a series of bitter rows with Mr Neil Clarke, the current chairman, and a lengthy legal wrangle, Mr Edwards had been sacked.

The matter, however, did not stop there. This week Mr Edwards's departure was at the centre of a political storm concerning the whole future of Britain's coal industry. An influential cross-party group of MPs, led by Dr Michael Clark, the Conservative chairman of the energy committee, signed a motion expressing horror at his ousting and calling for his reinstatement.

As British Coal proceeded on Tuesday to announce the loss of 1,165 jobs at four pits in West Yorkshire, the conspiracy theorists had a field day. The government, they said, had wanted Mr Edwards, an outspoken critic of its plans for the company, out of the way to smooth the path for privatisation, expected soon after the general election. The statement by Mr John Wakeham, energy secretary, that Mr Edwards's dismissal was a matter for Mr Clarke, whom he fully supported, did little to quell the speculation.

It is not surprising that Mr Edwards's departure arouses strong feelings. As marketing chief for the old Coal Board since 1973, he had been an articulate advocate of coal, in the energy market and in the political marketplace.

Had he stayed, Mr Edwards would have been in charge of negotiations with the newly privatised electricity industry on the price and volume of the coal supplies it will take when the generators' current contracts with British Coal expire in March 1993 – and it is on the outcome of these talks that the future shape of the industry depends.

Although no official explanation has been given for the falling out, it may well have come to a head in disagreements about how to handle the negotiations with the generators, National Power and PowerGen. Mr Edwards has always taken a robust approach – lashing out at rival fuels, and lately (to the apparent dismay of Mr Clarke and Mr Wakeham) lambasting the electricity generators for their decision to invest in new gas-fired stations in preference to coal. "I fight because I believe markets are made," he says. "You have to persuade the buyer not to get into a jam that doesn't suit you."

The government has insisted that it will not intervene in the electricity contract negotiations, although many doubt this given the highly political nature of decisions about the future of the coal industry and the regulation of energy prices; only this month Mr Wakeham was dragged into a row between British Gas and its regulator. Nor, the government claims, will it seek to influence the generators' decision on what kind of power plant they build, for example to ensure that coal or nuclear retains a share. Mr Edwards has frequently pointed out that in spite of this free market philosophy, the government subsidises the nuclear industry through a levy on electricity consumers – and that leaving the untested new market to decide which fuel should be used in power stations could put the coal industry out of business long term. "If these decisions prove to be wrong, some will be quite irreversible and others only reversible at great cost to electricity consumers," he says.

His views find an echo in Mr Frank Dobson, the shadow energy secretary: "We think there's no point in formulating a coal industry based on sympathy for mines. But we believe the coal industry is in the interest of the country, we believe in husbanding the resources of the country."

Against that background, it is easy to see how Mr Edwards's outspoken approach could have embarrassed the government in the run-up to the election. He would also have objected loudly to current moves by Mr Clarke – with approval from Mr Wakeham – to negotiate a one-year contract with the electricity generators; he has always argued that British Coal needs long-term contracts for planning.

Mr Edwards was not against privatisation *per se*. "I think he sincerely wanted the company to be privatised," says an old electricity industry colleague. "But he still believed the government could force the generators to buy all their coal from British Coal – he couldn't accept the idea of the company shrinking." Not so, Mr Edwards says. As a marketing man he realised that market share meant strength. And he has always been a vigorous advocate of cost cutting and commercial rigour.

The latest round of cost-cutting was signalled on Tuesday. And with privatisation looming, it seems to be going to the heart of British Coal's empire. As the company is forced to shrink and possibly to join the private sector, there are certain to be fierce political and industrial arguments. Mr Clarke, inexperienced in the cut-throat world of nationalised industry politics, appears to have decided that quiet diplomacy is better than the Edwards megaphone.

MEN IN THE NEWS

Sir David Walker and Andrew Large

Reluctant regulator and his guarded successor

By Richard Waters

Running the Securities and Investments Board is not at the top of most people's lists of the City's most desirable job. And that includes the people who have done the job in the brief history of the UK's chief investment watchdog.

The current chairman, Sir David Walker, made his position quite clear at the outset, four years ago. "I wasn't the first choice for this job, and I wasn't a volunteer," he told the Financial Times then. A former Treasury high-flyer, his career had taken him to the Bank of England under Lord Richardson in the mid-1970s, where he had risen to become an executive director.

Then duty called. A tide of City complaints about the implementation of the Financial Services Act – which gave birth to the SIB and the system of regulation it heads – was threatening to engulf the new body. Something had to be done, and Sir David was seen as the man to do it.

This week, on announcing his departure, his position had hardly budged. "I didn't want to retire a regulator," he said.

The man who will take over from him on June 1, Mr Andrew Large, was more guarded in his comments. Running the SIB would be "an enormous challenge", he said. Yet for Mr Large, a 49-year-old career investment banker, it is a far cry from the time in the mid-1980s when he was in the forefront of City opposition to much of what the SIB stood for. Through tough campaigning, he is credited with having helped to shape a regulatory system which has proved largely acceptable to international financial firms in London. The result: he became the first chairman of the Securities Association, one of the four self-regulating organisations (SROs) answerable to the SIB.

It also seems clear that Mr Large's was not the first name to spring to the mind of the two men charged with finding a successor to Sir David – Mr Peter Lilley, trade and industry secretary, and Mr Robin Leigh-Pemberton, governor of the Bank of England. They had known since September that Sir David wanted to leave the SIB when his four-year term of office expires at the end of May. Yet in November, Mr Large was parachuted in to take over the chairmanship of the London Futures and Options Exchange (Fox) after an investment scandal. He will now surrender that post.

It is not hard to see why filling the chairman's seat at the SIB is a tough job. It is politically highly charged, not least because the regulatory regime is often held responsible when private investors lose money as a result of investment fraud or incompetence.

Appeasing critics in the City, whose instinctive antipathy to the Act had been exacerbated by what they saw as an obtrusive approach taken by Sir Kenneth Berrill, the SIB's first chairman, was equally exacting. Sir David's first task – and one which is only just coming to completion – was to attempt a simplification of the new investment rulebooks. The rewrite has been widely welcomed, although ultimately doing little to shrink the extensive and detailed regulations.

There are also the politics of the retail investment industry. Sir David, a forthright, articulate man, has been irritated at the SIB by his inability to act in as direct a way in dealing with industry disputes as he might have wished. His natural manner, according to people who have worked with him, is that of the Bank of England mandarin: bringing warring factions together, cajoling them into reaching agreement, if necessary acting as middleman to resolve disputes. It was a job at which he is said to have excelled while in charge of the Bank's industrial division in the mid-1980s.

The SIB has never offered him the same freedom or power. Two years ago, he caused a furore among SROs by hinting that greater powers should rest at the centre. The ensuing row with the SROs led him to back away from confrontation, and has resulted in a less direct approach since. Sir David has made it clear that he is happy to leave these practitioner-led bodies to get on with the job, provided they show they are up to the task.

Sir David's inability to deal with the investment industry in the same way that the Bank of England deals with the UK's leading banks has also been a source of frustration. "He likes to fix things, and fix them himself," says one person who has worked with him.

Dealing with the UK's powerful life companies is the main job that remains undone. The review of retail regulation that Sir David is close to completing will not provide final answers to a web of interrelated problems: how should the commissions paid on life assurance policies be disclosed? How can a level playing field be created to accommodate both independent financial firms and the direct salesman of life companies? Will life companies join together to rescue Fimbra, the financially troubled SRO responsible for independent financial advisers?

For Professor Jim Gower, the man whose review of investment protection, begun in 1981, led to the FSA, the inability to resolve these issues remains the biggest disappointment in the existing regulatory arrangements. They are not intractable, he said this week – "or rather, not completely intractable".

For Mr Large, the challenge will be particularly acute. His experience lies entirely at the international wholesale end of the investment industry rather than the domestic retail one. An investment banker who worked for Orion Bank during the 1970s, he was one of five executives to defect to set up a London investment banking arm for Swiss Bank Corporation in 1980. He helped to build the operation into one of the most innovative and active in the Eurobond and Euroequity markets – the free-wheeling international financial markets which had been attracted to London in part by the absence of regulation.

Mr Large is known for having a sharp mind and a no-nonsense, practical way of dealing with problems – though long-term vision is not top of the list of qualities mentioned by others. He was clear about what he could bring to the SIB: a sense of what regulation means to the people who have to live with it.

He will be better prepared for the other job that has been consuming much of Sir David's time of late: shaping the regulation for London's wholesale financial markets. This summer he will chair in London the annual meeting of the International Organisation of Securities Commissions, the international regulators' club. Senior members of the investment banking community regard Mr Large as one of their own. Whether Mr Large can square the various sides of the job, the domestic and the international, retail and wholesale, will be the yardstick by which he will be judged.

Bout of election madness

Philip Stephens on the controlled panic at Westminster

The tension eased momentarily at the glittering Foreign Office party on Wednesday evening. Mr John Major moved cheerily between ambassadors, Whitehall mandarins and journalists. Privately, the prime minister was fretting: he was worried about his appearance on Desert Island Discs — the BBC radio programme which had chosen him to celebrate its 50th anniversary tomorrow.

But the gentle hum of Whitehall small-talk and political gossip offered only the briefest of respites from the controlled panic which has gripped the nation's politicians.

The rest of the week saw Westminster engulfed in the most intensive — and frequently farcical — election campaigning that MPs could recall. No matter that, even if Mr Major trusts his instincts and opts for April 9, the campaign proper was still nearly two months off.

A slightly sheepish minister offered eloquent testimony to the atmosphere. Glumly contemplating a dawn television appearance he confessed: "I haven't attacked Neil Kinnock for at least an hour — another black mark, I suppose, from [Conservative] central office."

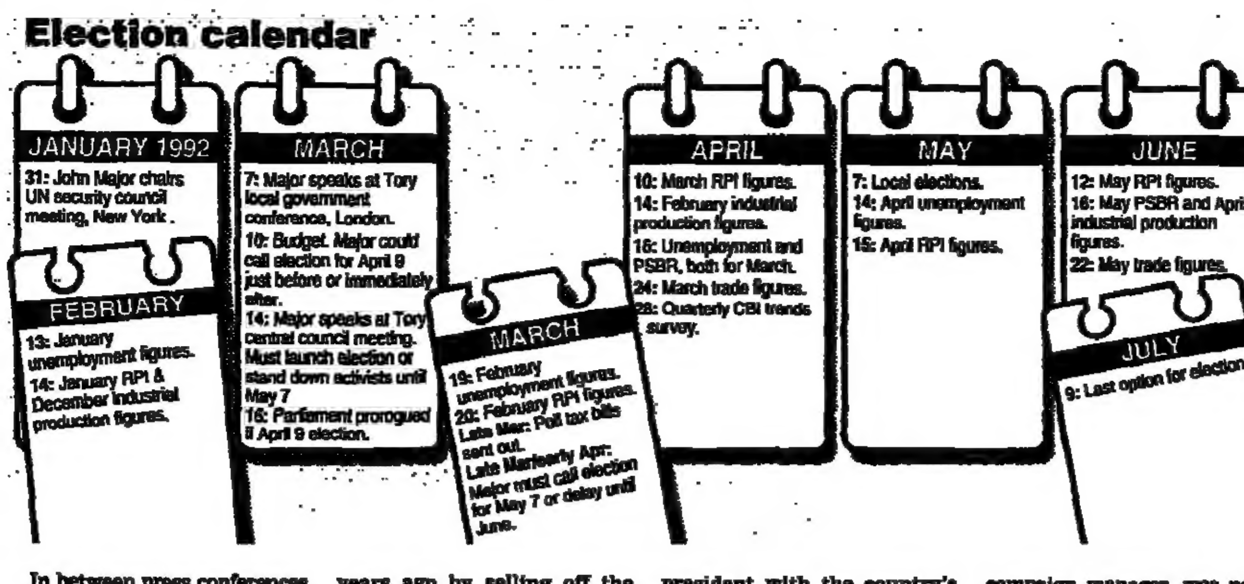
The tone had been set earlier by Mr Chris Patten, the Conservative party chairman, at one of the daily press conferences from which the politicians now daily hurl volleys of abuse.

Launching (or was it relaunching?) his party's tax offensive, Mr Patten handed out cardboard slide-rules so that journalists could compute the personal cost of a Labour victory.

Mr Kinnock's elegantly-named "tax bombshell" would rob anyone on £25,000 a year of more than £2,000 in extra tax. It seemed churlish to suggest the arithmetic would not meet the national curriculum standards for seven year-olds.

The black-painted bomb was the symbol of the week, the centrepiece of a chilling party political broadcast which in less permissive times would have attracted an X-certificate. Only the Daily Mirror (the figures were "lies") and the Daily Telegraph (the Conservatives wanted too big a discount) refused to carry the accompanying newspaper advertisements.

Mr Patten is one of the more cerebral of our politicians, suspected still of distinctly leftish tendencies. But his job now is to destroy the Labour party. And with the help of Saatchi and Saatchi, the advertising firm, he is setting about it with a boyish enthusiasm that owes nothing to his intellectual capabilities.



In between press conferences and television appearances Mr Patten was slamming Labour-controlled Camden council for not cleaning its streets or reminding waverers that Labour had shamed Britain 25 years ago by selling off the gold it held in trust for the Baltic states.

At his side an earnest official clutching the party's secret war plan evoked images of the aide who trails behind the US president with the country's nuclear codes.

There was no monopoly on hyperbole. If the Conservatives' tax offensive often drowned out Labour's message, Mr Jack Cunningham, Labour's campaign manager, was never short of his own dubious statistics.

Mr Patten claimed that the Labour party was set on a £37bn spending spree. Mr Cunningham produced figures showing the Conservatives had wasted up to £30bn by underpricing the sale of state assets.

There were no free slide-rules to check the sums, but instead wooden spoons for Conservative councils across the country which had also squandered taxpayers' money.

As the Daily Mirror lambasted the Conservatives and the Tory tabloids embellished further Mr Patten's press releases, Mr Roy Hattersley, Labour's deputy leader, waged a personal war against Sir David English, the editor of the Daily Mail.

Mr Hattersley, alluding to the "slugs and worms" who inhabit the garden of a free society, repeatedly challenged Sir David to a televised debate on whether he should give a modest slice of his large salary to pay for higher pensions and child benefit.

Sir David demurred. His tribulations were nothing compared to those of television journalists attempting to produced balanced reports. After every news bulletin telephone lines crackled with complaints.

Labour charged that Tory "lies" dominated the air waves, the Conservatives that news bulletins occasionally featured an opposition press conference. The Liberal Democrats demanded they too be allocated 30 seconds or so to abuse the others.

The madness infected the House of Commons, forcing the Speaker to remind MPs that their behaviour risked descending to the level of the kindergarten.

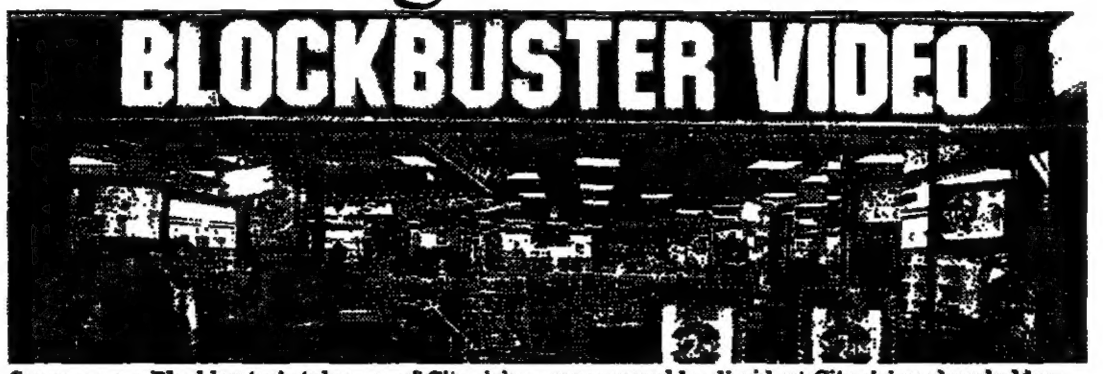
Discussion among ministers about Budget options became surreal. One lamented that the case for 1p off the basic rate of tax had become almost respectable. Perhaps now he would press the case for a 2p cut. When told that the Treasury's economists worried about the size of the borrowing requirement, a colleague suggested "they should keep their noses out of politics".

We are promised some respite. Next week Mr Major is launching a new phase in his Citizen's Charter. Mr Patten has promised some positive campaigning to emphasise the Conservatives' commitment to public services. Labour, keen to move from the back foot, might not feel so obliging.

Either way the outlook is grim. Mr Kinnock's conversion to the market and Mr Major's retreat from Thatcherism have greatly narrowed the gulf between their parties. But in personal terms the stakes are as high as they have been at any election. We can expect more lies, damned lies and politics.

Michael Skapinker, Nikki Tait and **Norma Cohen** on a US presence in the UK video rental business

Putting on the Ritz



Screen wars: Blockbuster's takeover of Cityvision was opposed by dissident Cityvision shareholders

The takeover of Cityvision of the UK by Florida-based Blockbuster looks, on the face of it, like good news for the 15.6m British households which own video cassette recorders.

Blockbuster, the leading US video rental chain, boasts of a wider selection, longer opening hours and more sophisticated computer systems than its competitors. It says it will use the expertise gathered in expanding from a couple of dozen outlets five years ago to more than 2,000 today to transform Cityvision's Ritz chain, the largest in the UK.

The Blockbuster takeover was opposed, however, by dissident Cityvision shareholders who claimed that the £75m takeover, launched last November, undervalued the company. The objectors were defeated last Thursday when Blockbuster said it held 50.21 per cent of Cityvision's shares.

Other questions can be raised about the Blockbuster takeover. One is that it is buying into a declining sector. After growing from £50m in 1981 to £569m in 1989, the video rental market in the UK fell to £564m in 1990 and £544m last year. At the same time, the value of video tapes sold in the UK has increased steadily from £15m in 1986 to £375m last year.

An additional question relates to Blockbuster itself. To describe the company as controversial is an understatement. For much of its six-year history, its shares have oscillated widely. Over the past 12 months, they have been as high as \$15⅛, as low at \$7⅝, and now stand at about \$12.

Blockbuster seems to have all the trappings of a success story. Until the mid-1980s, it was called Cook Data Services and provided software services to the oil and gas industry. In 1985, faced with the energy industry slump, the company switched to video rental. In early 1987, Mr Wayne Huizenga became chairman and chief executive, positions he still holds, along with a near-12 per cent stake.

Blockbuster's rapid growth followed Mr Huizenga's arrival. Even before the Cityvision deal, the company's geographical spread was considerable, with outlets in Puerto Rico, Canada, Guam and the UK. Spurred by this heady expansion, after-tax profits have soared from \$3.2m in 1987 to \$93.7m in 1991. Earnings per share have more than quadrupled over four years, to reach 56 cents in the last 12 months.

So what is the problem? The first is Mr Huizenga himself. The stocky businessman, in his early 50s and of Dutch descent, is better-known as a co-founder of Waste Management, a large US waste disposal group.

Despite its number one industry ranking, Waste Management's 23-year-history has been a chequered one. It has paid fines after charges of price-fixing. In 1976, Huizenga signed a consent decree (without admitting guilt) on charges by the Securities and Exchange Commission that the company made improper political contribution in Florida.

A rather different concern has centred on Blockbuster and the quality of its profits, in particular whether its depreciation charges are too low. In the company's accounts, the videocassette rental stock is recorded at cost, and then written off over its economic life. The faster the write-off, the higher the amortisation charge, and the bigger the dent in profits.

In its early days, Blockbuster generally wrote its stock off over three years. This sparked criticism from analysts that the stock should be written off more quickly. So, from 1990 onwards, the company switched to writing off a certain number of "hits" — new release feature film videos, bought in large numbers — over 12 months. Some critics are still not satisfied, and would like an even more conservative stance. The figures are material; in 1990, for example, the amortisation charge for the rental stock was \$91.7m.

The third question is whether the group is basically driven by expansion alone, or whether it is an effective retailer. Blockbuster's supporters argue that there has been a good deal of progress on the latter score lately, partly thanks to the arrival of Mr Joseph Baczko, a former head of Toys R Us International, as chief operating officer a year ago.

Mr Norman Abbott, director general of the British Videogram Association, says there is plenty of scope for Blockbuster to improve the management of the UK rental industry. He estimates that the UK has 6,000 to 7,000 outlets dedicated wholly to video rental, in addition to the many newsagents and other retailers who rent out tapes as a sideline. Although some video stores are well run, many are not.

"There are still a lot of amateurs in video rental. People came into the business in the early days with no experience of retailing — redundant lorry drivers, redundant steelworkers, redundant white collar executives," he says.

Although Mr Abbott excludes the Ritz chain from his criticisms, Cityvision's dissident shareholders charged that the Ritz shops were so badly staffed that they had to close during peak hours to allow the manager to use the toilet or to catch up on paperwork.

The dissidents also produced photographs of video shops owned by Cityvision which still carried the logo of the previous owner, despite having been bought many months earlier.

Mr Abbott says video rental has been hit by the recession, but he believes the arrival of satellite television has eaten into the market as well. He does not believe the sale of pre-recorded videos — what the industry calls "sell-through" — affects the rental business directly. Many of the tapes sold are cookery or fitness cassettes or are bought as gifts. But the sellers of videos — retailers such as Woolworths and W.H. Smith — do advertise their products, something which the rental industry has failed to do.

Mr Steven Berrard, Blockbuster's vice-chairman and chief financial officer, says an increase in advertising will be one of the US company's priorities in the UK. "The thing to do first is energise the industry a bit. Part of the problem with the rental industry in the UK is that it lacks oxygen." He plans to widen the range of films available in Ritz outlets and get rid of the titles which are not being rented.

Mr Berrard does not deny that the UK rental market has been damaged by satellite television. "The numbers probably speak for themselves. The recession and competition have hit the business. The operators have cut back on what they buy and the customers have become even more frustrated. I think we have to turn that round a little bit. To rent a video is still the cheapest form of entertainment."

LETTERS

Squeeze on costs that is threatening more providers of training

From Mr Ian Brown.

Sir, Unfortunately, Lisa Wood's article ("Training shunted to the slow track", January 21) on the dilemma faced by voluntary sector employment training (ET) and youth training (YT) providers in England and Wales also reflects the situation in Scotland. Although the voluntary sector here has maintained around a third of total ET places, the perennial pressure to reduce costs threatens to squeeze out more and more providers.

Our concern is that ET will contract to a narrower fast-track scheme for the most able. It remains the task of voluntary bodies to prevent the Department of Employment defaulting on its commitments to trainees with special needs. Inevitably, this will entail more flexible arrangements for those whose training costs more and takes longer.

Ian Brown,
enterprise & training officer,
Scottish Council for Voluntary Organisations,
24a Ainslie Place, Edinburgh EH3 6AN

A business that is burdened by a bureaucratic paradox

From Charles M M Crichton.

Sir, I run a modest but diversified agricultural estate, and for 1991 have counted the number of different offices of government, local authority and statutory bodies with which I am required to correspond.

My tally is 64 different official offices.

Could this burden of compliance be a record for a small business, whose office comprises myself and a part-time bookkeeper?

In 1979 the Conservative government was elected to roll back "the frontiers of the state", but a paradox of Thatcherism seems to be that my business is now burdened with a greater bureaucracy than ever.

Charles M M Crichton,
Monzie Castle,
Crieff,
Perthshire PH7 4HD

Missing the mark by trying for too many targets on the civilised life of Quebec City

From Mr Richard B Potter.

Sir, Daniel Green's travel article on Quebec City, "On the very edge of civilisation" (January 18), misses the mark by trying for too many targets.

If, as Green asserts, Quebec City is at the very edge of civilisation, he fails to assess for us the civilised aspect — the gastronomie, theatre, music and nightlife of this urban centre which has survived and flourished for more than 350 years in the midst of anglophone North America. As for the nearby hinterland, Green seems to view it by reference to the US. He speaks of "New England-style" houses, but certainly the older houses have a design indigenous to Quebec.

He speaks of the south shore of the St Lawrence River as "the American shore", part of a "civilised, settled, comfortable continent" (sic) and implies that this is because "the US is a few miles away". The northern US border as a centre of civilisation? It would come as a great surprise to most observers that northern Maine is civilised, at least by comparison with either Quebec City or with other parts of the north-eastern US.

And as for the furthest hinterland, Green missed his train by eight hours for which he surmises his good fortune — *au contraire*, we may think it is ours!

In an article replete with non sequiturs, perhaps the most curious is Green's surprise that his hostess at Auberge Mange Grenouille has a personality "both French and American", surely a penetrating glimpse into the obvious.

Richard B Potter,
17 Clarendon Street,
London SW1V 2EN

Need for more discipline

From Mr John Carruthers.

Sir, Once again the absurdities of the relationship of banks and building societies with their customers has been highlighted by the Halifax's new schedule of charges ("Halifax to set new charges", January 18).

What lawyer would advise his client to enter into a contract with another party which enjoyed vastly greater economic power and retained the right unilaterally to alter that contract, inevitably, in the latter's favour?

Surely the time has come for binding contracts and the advertising of charges, the discipline of which would benefit both parties. It would remove much of the suspicion with which most customers hold their banks. Some measure of equality would be achieved.

John Carruthers,
1 Greenholme Street,
Cathcart, Glasgow G44 4DU

Why employers should have first call on any surplus in an occupational pension fund

From M H Whitley.

Sir, Mr Richard Clark's letter (January 17) leads me to comment that in the usual "final salary" pension scheme it is the accrued pension *benefits* that are to be seen as deferred pay; not the *fund* which accumulates from the investment of contributions.

Since the employees' contributions represent the first tranche of funding and the employer's obligation is to make up to the funding level necessary to meet those accrued benefits, the employer surely has the first call on any surplus, albeit that employers also frequently improve benefits under such circumstances.

I would also suggest that there is a place for both personal pensions and company schemes, the main difference usually being that benefits from the former are not related to salary (and hence living standards) at the time of retirement. However, my main concern is that the arguments over pensions are progressively becoming more biased by socio-political beliefs.

It needs to be emphasised that it is the *security* of pension funds that is of paramount importance. Other issues are surely of secondary concern.

M H Whitley,
commercial and personnel manager,
ABB Power,
Darby House,
Lawn Central,
Telford, TF3 4JB

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Complications of a relief plan for Lloyd's Names and a need for better marketing

From Mr V A L Powell.

Sir, In his profile of David Rowland as chairman of the Lloyd's Task Force Report (January 18), Richard Lapper stated that the weakness of the report is that it does not tackle the problem of the crippling losses of those Names affected by the disastrous business conditions of the late 1980s.

Let it be said from the outset that the Association of Lloyd's Members has every sympathy with such Names and has given them practical assistance in forming action groups.

The reality of the situation is that the only way to relieve Names of these losses is for other Names to assume them, either indirectly by way of the central fund or because Lloyd's directs that they should be reapportioned by some process of mutualisation (this assumes we are not dealing with fraud as in the case of PCW). This can only be done by obtaining the prior consent of members without risking litigation on their behalf. In the current climate, with most Names facing losses for the 1989 year of account, how forthcoming would that consent be? A recent Mori poll revealed that 62 per cent of those polled were likely to reject mutualisation to help fellow Names.

When dealing with the strengthening of the capital base, the Task Force Report spells out the reasons why that could not be implemented retrospectively to help Names in distress. It would represent a fundamental change to the basis on which Names agreed to participate at Lloyd's and would be open to legal challenge. Furthermore, if the scheme was to be introduced retrospectively, those Names would also have to be given the chance to resign and this might weaken the capital base more conclusively.

V A L Powell,
chief executive,
Association of Lloyd's Members,
16 St Mary at Hill,
London EC3R 8EE

From Mr John de Courcy Ling.

Sir, The debate about the future of Lloyd's need not be complicated. It is not an institution comparable to the MCC. It is a commercial institution. It exists to make money for its members. In recent years it has failed lamentably. It has been more concerned with self-regulation than marketing.

As an external member for 25 years and a former member of the council, I support Mr Nigel Rogers, managing director of the Octavian Group, in his spearheading of a movement to get the present council to adopt the recent proposal for a market committee.

The council at present contains a former Inland Revenue official, a retired ambassador and a galaxy of lawyers and accountants. They are not money-makers. Unless Lloyd's devotes its particular expertise to making profits for its members, those members will desert it, just as shareholders unload their holdings in an ailing company.

It would be tragic if the mandarins of the council continue to fiddle with legislative documents while Lime Street burns. The proposed market committee is a vital component of any strategy for growth at Lloyds.

John de Courcy Ling,
Lloyd's,
Lime Street, London EC3

UK COMPANY NEWS

Wembley calls for £37m and gives profit warning

By Andrew Bolger

WEMBLEY, the leisure group which owns the London stadium, yesterday announced a 1-for-1 rights issue to raise £37.3m, which will be used to reduce borrowings.

Sir Brian Wolfson, chairman, said the cash call would cut gearing to 66 per cent. Gearing would have been nearly 150 per cent at the end of 1991, when he said the group took a conservative view of its assets in preparation for the rights issue.

He now aimed to dispose of non-core businesses to reduce gearing to 55 per cent.

The fully underwritten issue of up to 136.9m new shares was priced at 30p each. Wembley's shares closed down 3½p at 33½p.

Wembley forecast it would make a pre-tax loss of up to £8.5m in the year to December 31 1991, compared with a pre-tax profit of £13.2m in the previous year.

The loss was mainly due to exceptional restructuring costs of £3.2m in merging the group's US ticketing businesses and a writedown of £3.3m on its investment in Leisure Resources Group.

There will be a loss per share of not more than 10p, compared with earnings per share of 9.3p last time.

The directors forecast a final dividend of 0.9p (1.5p), giving a total for the year of 1.8p against 2.4p.

The group said it had been badly affected by the Gulf war, which cut the number of pop concerts at Wembley to three last year, compared with a normal level of between eight and 12.

Delayed construction work at Wembley's exhibition hall also disrupted business.

Wembley is to increase its stake in National Leisure Catering, a joint venture with ARA, the private US food services group, from 50 per cent to 75 per cent.

The £3.25m consideration to ARA will be paid in the form of 6.8 per cent of Wembley's enlarged share capital, which the US group has said it regards as a strategic investment.

The UK leisure group is also issuing 18.6m new convertible preference shares in exchange for all its outstanding convertible loan stock.

Sir Brian said he was confident that the Gulf-related difficulties of last year would not recur, and Wembley would benefit from the reorganisation of its US ticket business, the refurbishment of the group's bingo clubs and the contribution from new exhibition halls.

The rights issue was underwritten by Schroders, with Smith New Court as brokers.

Unilever arm plans jobs and product restructure

By Nikki Tait in New York

CHESEBROUGH-POND'S, the US consumer products company which was acquired by Britain's Unilever group in 1986, yesterday announced that it was "streamlining" its product line and organisational structure.

The rationalisation will result in a fourth-quarter charge of about $35m (£19.3m), taken against operating profits. No one at either Connecticut-based Chesebrough-Pond's or Unilever's New York office was immediately available to comment on the announcement.

However, Chesebrough did say that a voluntary early retirement programme formed part of the streamlining plan.

Chesebrough currently employs about 3,400 people. Its products range from Pond's cold cream and Vaseline skin care products, to the Brut brand of men's toiletries and Close-up toothpaste.

Procession of concessions to recession

Roland Rudd and **Kenneth Gooding** analyse Lonrho's 24% decline

LONRHO, the international trading group, yesterday said that a number of factors had conspired to make 1991 "an extremely difficult" trading year.

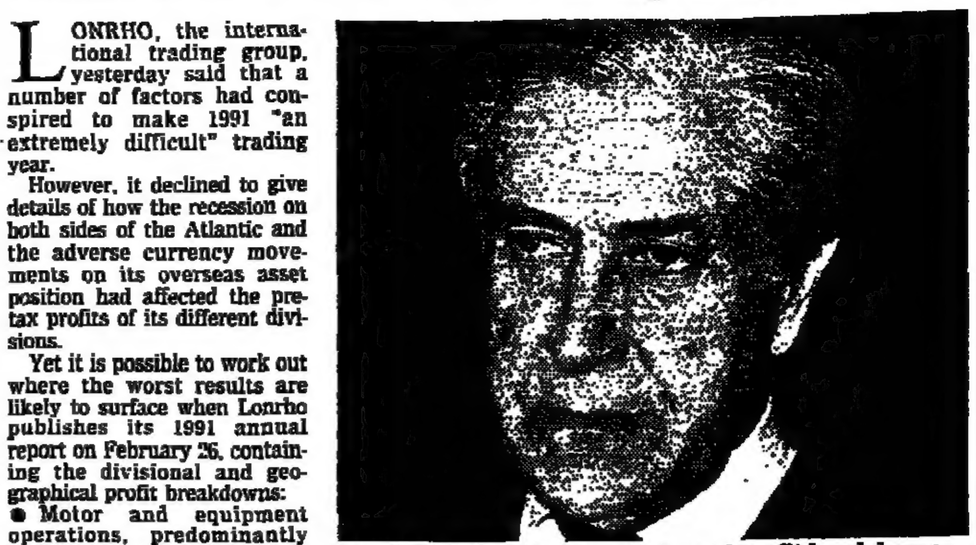
However, it declined to give details of how the recession on both sides of the Atlantic and the adverse currency movements on its overseas asset position had affected the pre-tax profits of its different divisions.

Yet it is possible to work out where the worst results are likely to surface when Lonrho publishes its 1991 annual report on February 26, containing the divisional and geographical profit breakdowns:

● Motor and equipment operations, predominantly based in the UK, were the worst hit by the recession, said Mr Philip Tarsh, a director of Lonrho. VAG, the import and distribution arm of Volkswagen and Audi Motor cars in the UK, suffered from the 20 per cent fall in VAG car sales. Sales at Jack Barclay, the Rolls-Royce and Bentley distributor, were down by 26 per cent;

● Hotel operations within the leisure division had a difficult year, a fact highlighted by the statement of Mr Tiny Rowland, chief executive. He said: "Across the world the Gulf war cut back both business and holiday travel and our hotels suffered a severe drop in occupancy during the year."

There has been speculation that Lonrho has been planning to sell some or all of its hotels. Mr Mike Smith, analyst with Robert Fleming Securities, says: "A sale of all the hotels would be viewed as an act of desperation. It would be far better if the group sold off smaller businesses across the world."



Tiny Rowland: reticent on divisional profit breakdowns

● In manufacturing, textiles and local newspapers traded more strongly than the engineering operations. Lonrho is understood to be planning the sale of both the Glasgow Herald and the Evening Times, which belong to the group's subsidiary Outram. The sale could fetch up to £200m, the group says;

● Financial services, one of the few divisions to report a fall in pre-tax profits in 1990, had another bad year. It includes the 49 per cent-owned finance associate, VAG Finance, which arranges finance for vehicle sales in the UK, a Lloyd's insurance broker and some property and investment businesses, which were all affected by the recession;

● Agriculture suffered from the fall in sugar, where last year the average price on the open market in London fell from $335 a tonne to $239;

● Mining produced the best result. Although these operations are all in Africa, which does not get top rating in the quality of earnings department, Lonrho has stakes in two top-class mining businesses.

Western Platinum (73 per cent owned) is believed to be the world's lowest-cost platinum producer. This position was strengthened by the 1990 merger with Impala's Karee platinum mine, which adjoins the Westplats operations on the South African Bushveld near Rustenburg.

Westplats produced 625,000 troy ounces of platinum group metals last year and is being expanded towards an annual 800,000 ounces. It has a life expectancy of 100 years.

Ashanti Goldfields Corporation, in which Lonrho has a 45 per cent shareholding and has the Ghana government as its partner, is also being expanded – towards 1m ounces a year level by 1995-96. Last year gold output increased by 42 per cent to 569,452 ounces.

Mr Euan Worthington, head of the mining team at SG Warburg Securities, estimates its operating costs are only $120 (£66.20) an ounce.

He estimates that these two mining operations have been contributing a steady increase in attributable gross revenue: from £89m in the second half of the 1989-90 financial year, to £99m in the first half of the 1990-91 year and to £115m in the second half.

Mr Worthington says this does not sit easily with Lonrho's statement that the fall in precious metals prices accounted for nearly half the reduction in its second-half profits.

Mr Rob Davies, analyst at Shearson Lehman Brothers, says Lonrho's statement is "downright misleading" in this respect.

He points out that if the half-years to end-September are compared – while gold's price eased back from $385 to $367 an ounce and the platinum price was certainly in a slump and down from $491 an ounce to $392 – rhodium, which accounts for perhaps half of Westplats' production, rose strongly. It was up from $2,700 to $4,500 an ounce.

Reputation costs Eurocopy £8m

By Michiyo Nakamoto

EUROCOPY, the photocopier distribution and services group, which has faced a barrage of criticism of its selling practices, is taking a £7.7m provision against costs related to defending its position and resolving customer complaints.

The provision, taken as an extraordinary item, compares with pre-tax profits for the year to September 30 of £7.03m (£11.32m).

The company has suffered from substantial bad publicity regarding its selling practices and a warning by the Office of Fair Trading that it could revoke its consumer credit licences. Earlier this week the OFT decided not to revoke any of its licences.

Mr Cyril Gay, chairman, said that the recession and the adverse publicity had led to "what has been without doubt the most difficult year in the company's history".

The fall in photocopier sales was mainly responsible for reduced turnover of £43.8m (£48.2m).

There was an overall loss for the year of £3.12m (£7.38m profits) which, together with dividend payments, necessitated the transfer from reserves of £5.05m. Last time there was a payment to reserves of £5.46m.

The shares, which surged by 25 per cent to 100p on the announcement of the OFT's decision, yesterday slipped 13p to 87p.

Earnings per share were down to 9.49p (15.33p) and a proposed unchanged final dividend of 2.9p makes a same-again total of 4p.

Efforts will be directed to rebuilding the group, Mr Gay said. "It's not an overnight job. It's going to take us six months. But we've something to build on now."

It is pursuing a warranty claim against Sketchley from which it acquired in 1989 two of its subsidiaries criticised for their selling practices. The damages it could claim have been quantified at £9.2m.

● **COMMENT**

There is a lot of work to be done at Eurocopy. On the positive side, the OFT's decision was, if anything, an endorsement of the current management. However, efforts to shake off the group's tarnished corporate image and then to generate momentum for growth are only just beginning at a time when market conditions are not exactly favourable. Yesterday's drop in the share price indicates that the response to any adverse news coming from the group can still be jittery. Eurocopy's management, well aware of the enormity of the task, has given a rather downbeat assessment of prospects over the next year. With forecast pre-tax profits being revised sharply to about £4.5m, for earnings of 6.2p and a prospective multiple of 14, the shares do not look particularly attractive yet, given the extent and probable lengthy duration of the upward climb the group faces.

Liquidators of Mentor settle out of court

By Andrew Jack

A protracted legal case brought by the joint liquidators of Mentor Insurance, a Bermuda-based insurance company, against Murphy Exploration & Production, its New Orleans-based parent, and KPMG Peat Marwick, its auditors, has been settled out of court.

Under the confidential settlement, Mentor will receive $40m (£22m) in cash, including some money from an earlier settlement, and withdrawal of $90m in claims against the company from several of its bankers.

It is believed that the joint liquidators hope to boost a first dividend to Mentor's creditors to about 20 cents by the end of March as a result of the settlement.

Reckitt to lose its N American spice

By Andrew Bolger

RECKITT & COLMAN, the food and household products group, plans to get out of the highly-competitive spice market in North America through disposals worth $88m (£49m).

The group has agreed to sell its US-based Durkee-French spice and seasoning business for $80m in cash to Burns Philp Food, a subsidiary of the Australian food and hardware group, Burns Philp. Reckitt will also sell its Canadian spice business to Burns Philp for $8m.

US supermarkets have in recent years seen a price war between Durkee-French and the Schwartz brand, which belongs to McCormick, the US group which is the world's largest supplier of spices.

Reckitt said it was happy to be leaving what had become a low-margin, commodity of type business. The disposals were part of its strategy of concentrating on its higher-margin, branded consumer franchises.

The group would retain a strong portfolio of brands such as French's Mustard, RedHot Sauce, French Fried Onions and Cattlemen's Barbecue Sauces.

Proceeds of the disposals, which are subject to regulatory consents, will be used to reduce Reckitt's indebtedness. Net debt currently stands at about £358m, giving gearing of 55 per cent.

Kevin Maxwell to reveal source of legal funds

By Raymond Hughes, Law Courts Correspondent

MR KEVIN Maxwell has agreed to reveal, in confidence, the source of funds he is using for his legal and living expenses.

Mr John Brisby, counsel for the liquidators of Bishopsgate Investment Management, told the High Court yesterday that Mr Maxwell had agreed to disclose to them the names and addresses of "persons and/or other entities" who have funded him and whether the funding has been on the basis of "gift, loan or otherwise".

The liquidators had sought a disclosure order against Mr Maxwell in connection with their attempts to recover about £450m missing from Maxwell pension funds.

An application by Mirror Group Newspapers for Mrs Elizabeth Maxwell, Mr Robert Maxwell's widow, and Mr Kevin and Mr Ian Maxwell to be appointed to represent the Maxwell estate was adjourned for 28 days.

Mr Martin Moore, for MGN, which is suing Mr Kevin, Mr Ian Maxwell and the estate for £170m, said Mrs Maxwell had renounced her executorship and did not wish to be appointed. Mr Kevin and Mr Ian Maxwell felt a conflict might arise if they were appointed. They intended to renounce their executorships.

During the adjournment there will be talks between MGN and Mr Peter Phillips, the receiver of the estate, to try to agree representatives.

● The Appeals Court will give its ruling on Wednesday in Mr Kevin Maxwell's "right to silence" case. Provisional liquidators of Bishopsgate Investment Management, a key Maxwell company, won a high court ruling in December requiring him to give details of transfers out of Mirror Group Newspaper pension funds.

Options dispute complicates sale of Israeli newspaper

By **Hugh Carnegy** in Jerusalem and **Robert Peston** in London

ARTHUR ANDERSEN, administrator to Mr Robert Maxwell's private companies, said yesterday that it was close to selling the companies' 84 per cent holding in Ma'ariv Modi'in, the Israeli media group.

The sale of the business, which owns Ma'ariv, Israel's second biggest newspaper, is likely to raise between $20m and $25m (£11m to £13.8m).

However, the disposal has been complicated by a dispute between Andersen and the Tel Aviv law firm which represented Mr Maxwell in Israel. The dispute was triggered by the discovery of a document giving details of a pledge allegedly made by Mr Maxwell in the month before he died to grant options covering 15 per cent of Ma'ariv's shares to three individuals, including Mr Ya'acov Ne'eman, a partner in Herzog Fox Ne'eman, Mr Maxwell's Israeli legal advisers.

According to the document, Mr Maxwell promised to grant the options – together with an option of first refusal on other share sales – to Mr Aharon Dovrat, Mr Maxwell's representative on the company board, Mr Dov Judkovsky, the editor of Ma'ariv, and Mr Ya'acov Ne'eman.

Mr Dovrat and Mr Judkovsky, an existing 5 per cent shareholder, are partners in one of four bids to purchase Ma'ariv. The options, if taken up, would have given them an advantage over the three other bidders, led by Mr Conrad Black's Hollinger Group, Mr Ya'acov Nimrodi, chairman of the Israel Land Development Company, and a group of US Jewish investors.

Arthur Andersen had been concerned about the enforceability of the document but said yesterday: "The persons who could claim options under the document have now withdrawn the claim." So the auction of Ma'ariv can proceed.

"There was no question of these options being taken up because they were at a much more expensive price than that now being mentioned for the company," said Mr Judkovsky.

The relationship between Mr Katz's team and Herzog Fox Ne'eman has been under stress. The law firm, which is understood to be seeking payment of a large sum in outstanding fees left unpaid by Mr Maxwell, is angry at what it feels is the accusatory attitude of the administrator towards it.

An investigation by the administrator of the firm's files at its offices over the past two weeks has led to bitter verbal and written exchanges between the two sides.

Hi-Tec Sports launches £10.3m rights issue

By Michiyo Nakamoto

HI-TEC Sports, the designer and distributor of sports footwear, is launching a one-for-five rights issue to strengthen its balance sheet and fund further expansion.

The rights issue of 7.14m new ordinary shares is priced at 150p per share and is aimed at raising £10.3m net of expenses.

The amount will go initially to reducing its debt burden of £20m at the end of January, and gearing of 82 per cent.

Hi-Tec's shares yesterday closed down 3p at 179p.

This is the first time the group has come to the market to raise money since its flotation in 1988.

The initial impact of the right issue would be to reduce borrowings to about £10m and gearing to just under 30 per cent.

Eventually, the group plans, on the basis of its strengthened balance sheet, to expand further in North America and Europe, two of its stronger markets last year.

Mr Frank van Wezel, the group's chairman who controls just under 70 per cent of the shares, and other family members who control another 5 per cent, are not taking up any of their rights.

As a result of the issue, Mr van Wezel's stake will fall to 56 per cent while the remaining family's will be reduced to about 4 per cent.

Hi-Tec also forecast a 10 per cent increase in pre-tax profits for the year to February 2 to £9m from a previous £8.2m.

Earnings per share are forecast to rise to 15.78p (14.75p) and the board expects to recommend a final dividend of 3.85p (3.5p) on the enlarged share capital in the absence of unforeseen circumstances. This brings the total to 5.5p (5p).

Humphreys quits at Saatchi Advertising

By Guy de Jonquières, Consumer Industries Editor

Mr Richard Humphreys has resigned as chief executive of Saatchi and Saatchi Advertising Worldwide (SSAW), the group's flagship international advertising network, less than six months after he was promoted to the job as part of a corporate reorganisation.

Mr Humphreys' departure is understood to have followed differences with Mr Ed Wax, chairman of SSAW, and impatience on the part of Mr Robert Louis-Dreyfus, chief executive of the Saatchi group, with the speed of cost-cutting at the financially-troubled network.

A spokesman said Mr Humphreys' departure was part of a group-wide attack on costs intended to restore profitability following Saatchi's capital restructuring last year.

Mr Wax has been named chief executive as well as chairman of SSAW.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renun. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+or-	Net Div.	Times Cov'd	Gross Yield	P/E Ratio
-	F.P.	-	71	49	BTR Warrants 1995/96	64	-4	-	-	-	-
-	F.P.	-	120	105	Baillie Gifford Jap Wrnts	105	-12	-	-	-	-
-	F.P.	-	425	405	Bristol Water Non-Vtg £1	425		-	-	-	-
335	120	-	126½	104½	British Telecom New	112¼	+1½	13.3	2.6	5.3	9.8
140	F.P.	-	157	140	Burn Stewart Dist	149	-1	R5.0	2.3	4.5	11.5
-	F.P.	-	2½	2	Bette Mining Wrnts	2		-	-	-	-
-	F.P.	-	75	63	Capital Industries 1p	63		-	-	-	-
-	F.P.	-	310	218	Eurotunnel '91 Wrnts	260		-	-	-	-
-	F.P.	-	33	23	Fleming Japanese Wrnts	27	-1	-	-	-	-
•	F.P.	-	25½	24½	Hong Kong Zero Dv Pf	25	+½	-	-	-	-
£10½	F.P.	-	£10½	£10½	Latin Am Inc & Appr 1c	£10½		-	-	-	-
-	F.P.	-	4	3	Lowe (R) Wrnts	3		-	-	-	-
-	F.P.	-	6	¾	Multitrust Warrants	6		-	-	-	-
-	F.P.	-	103	102	Rh & Mrc Tst Inc12 1/2p	103		N9.2	-	11.9	-
-	F.P.	-	117½	117	Do Stpd Prf 12 1/2p	117½		N5.6	-	6.4	-
60	F.P.	-	59	53	§Seafield Resources	54		-	-	-	-
50	F.P.	-	33	33	§Simpsons of Cornhill 5p	33		-	-	-	10.2
-	F.P.	-	5	3½	Wills Group Wrnts	5		-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price £	+ or -
10p	F.P.	-	10p	8p	Bette Mining 10pc (Net) Cv Prf 1994	10p	
100	F.P.	-	107½	98½	Coalbourne Inds. 10½pc Rd Deb. 2001	105½	-2
100p	F.P.	-	106p	100p	Fidelity Euro. Values Equity Ln 2001	106p	
105	F.P.	-	105	98	Greencore 9.5% Cnv Un Ln Stk 1995	100	
310p	150p	-	275p	187p	Inchcape Non-Int. Bearing Cv Un Ln	259p	-1
100p	F.P.	-	104½p	100¼p	NatWest Bank 9pc Prf Series A	104½p	+¼

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991/92 High	1991/92 Low	Stock	Closing Price p	+ or -
43	Nil	6/2	12½pm	7pm	Airbreak Leisure 5p	12½pm	+1½
220	Nil	26/2	27pm	13pm	Beales Hunter 20p	15pm	-2
235	Nil	27/1	32pm	11pm	Hartstone	28pm	-3

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. ‡‡ Reintroduction. ◊ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium. * Issue price to private investors. ■ Unit comprising of 5 Ords and 1 Warrant.

TRADITIONAL OPTIONS

● First Dealings Jan. 20
● Last Dealings Jan. 31
● Last Declarations Apr. 23
● For settlement May 5

3-month call rate indications are shown on page 11

Calls in **Burton, Cannon Street Invs., Elswick, Flextech, Ivernia West, Lonrho, Y.J. Lovell, Premier Cons., Rosehaugh** and **Trencherwood.** Puts in **Lonrho.** Calls and puts in **B. Elliott.**

NEWS DIGEST

City Site losses rise to £3.4m

PRE-TAX losses at City Site Estates grew from £980,000 to £3.37m over the year to September 30.

Mr William Syson, chairman, ascribed the losses in general to "one of the most difficult years the property market has faced in the last three decades", and in particular to the £1.95m loss on the sale of the shop and office development in London's Sloane Street and to the exceptional £1.77m provision against the value of the Milton Keynes office development.

The board has recommended reducing the final dividend to 0.5p (0.96p) for a total of 1.46p (1.92p).

Rental income rose to £9.68m (£8.56m), but other costs, principally from property disposals, totalled £406,000 (income £1.07m). Net interest took £9.12m (£9.13m) and, below the line, losses per share emerged at 22.68p (7.93p). Net assets per share declined to 122p (227p) at the basic level and 174p (237p) fully diluted.

Nadir acts to halt civil action

Mr Asil Nadir, the former chairman of Polly Peck International, the fruit and electronics conglomerate which went into administration in October 1990, is seeking a High Court order halting the £378m civil action brought against him by the company's administrators.

At a brief hearing before Mr Justice Chadwick, MrIsaac Jacob, counsel for Mr Nadir, said the application for a stay of the civil action would be on the grounds that MrNadir was facing criminal charges based on similar allegations and also that he had now been declared bankrupt.

London Securities interim deferred

London Securities has delayed the publication of its interim report pending the outcome of discussions currently in progress concerning bank facilities. It is expected the interim report will be issued no later than February 29.

The annual report for the year to September 27 1991 disclosed that as a result of a fall in asset values over the previous year the company was in default of certain financial covenants and other provisions in its bank facilities and loan agreements.

London Securities' position has not changed since the year-end and the discussions in progress relate to the possibility of obtaining an amendment of and an increase in the company's bank facilities.

Deficit rises at Martin Shelton

In spite of a 19 per cent increase in turnover from £1.37m to £1.63m, Martin Shelton Group suffered an increase in its pre-tax deficit to £122,000. Last time it was £76,000. However the interim dividend is being held at 0.75p.

Mr Paul Martin, chairman of this USM-quoted group, said that the recession-induced downturn had been felt in the trade sales division of the diary and calendar business, but that this was more than compensated for by other divisions, especially the betting office supply division.

Losses per share worked through at 1.58p compared with 0.98p.

Whitegate Leisure warns of losses

Whitegate Leisure, USM-quoted bowling alley, discotheque and healthcare company, expects to report a "moderate" loss for 1991 when it issues its figures in early March. In 1990 pre-tax profits were £1.18m and at the interim there was a £54,000 profit.

A number of board changes, including a new chairman and chief executive, were also announced. The shares closed down 3p at 9p, a new low.

The company added that it intended writing down the French and healthcare divisions to their realisable values. Other plans include reducing the par value of the issued share capital and changing the year-end to August 31.

Mr Michael Terpening will become managing director next month and Mr Alexander Cassels will take over from Mr Nicholas Oppenheim as chairman after the annual meeting. Mr James Naylor has resigned as chief executive.

Mr RD Manser has joined the board and two non-executive directors, Mr T Cross Brown and Mr TLA Burgess have left the board.

Cardiff Property tumbles 56%

Although gross rental income improved by 12 per cent to £558,731, pre-tax profits of Cardiff Property for the year to September 30 fell by 56 per cent from £216,640 to £94,390.

Earnings per share dropped to 2.9p (6.8p) but the proposed final dividend is held at 1.55p for an unchanged 2.4p total.

Wintrust falls sharply to £1.54m

Profits before tax of Wintrust, the bank and discount house, fell from £2.71m to £1.54m over the six months ended September 30. The directors described conditions over the period as the worst for fifty years.

Earnings fell to 9.77p (17.25p) but the interim dividend is being held at 3p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Cardiff Property	fin	1.55	Mar 23	1.55	2.4	2.4
City Site Ests	fin	0.5	Mar 9	0.96	1.46	1.92
Eurocopy	fin	2.9	Apr 4	2.9	4	4
Greenfriar Inv	fin	4	Mar 20	3.5	6.1	5.5
Shelton (Mart) §	int	0.75	Feb 25	0.75	-	1.75
Wintrust	int	3	Mar 31	3	-	9.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

Greenfriar nav improves 16.5%

Net asset value per ordinary share of the Greenfriar Investment Company totalled 345.8p at December 31. That was an improvement of 16.5 per cent over the 296.8p standing 12 months earlier.

Available revenue for the period advanced to £935,000 (£807,000), equal to earnings of 8.1p (7p) per share. A proposed final dividend of 4p makes a 6.1p (5.5p) total.

ACT reduces stake in CMR to 25.9%

Allied Combined Trust has reduced its shareholding in Cahill May Roberts Group from 38.4 per cent to 25.9 per cent via a placing of 3.3m CMR shares with institutions.

ACT intends to retain its remaining 6.85m shares in CMR for at least one year.

Charles Baynes £1.1m acquisition

Charles Baynes, the specialist engineer in the aerospace and construction sectors, has paid £1.1m cash for Frank Ford, a maker of components for the civil aircraft market.

For the year ended July 31 1991 Ford returned pre-tax profits of £74,000 from a turnover of £3m. The net asset value at the year-end amounted to £560,000.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 23.01.92: Pool purchase price £/MWh	Final Prices for Trading on 22.01.92: Pool purchase price £/MWh	Final Prices for Trading on 22.01.92: Pool selling price £/MWh
0030	17.20	17.18	17.18
0100	17.66	20.27	21.64
0130	21.00	23.66	25.15
0200	21.00	23.66	25.12
0230	17.53	18.95	20.25
0300	17.49	18.74	20.03
0330	17.46	18.40	19.69
0400	17.20	17.09	17.09
0430	17.16	17.08	17.05
0500	17.13	17.06	17.06
0530	17.13	17.07	17.07
0600	17.12	17.06	17.06
0630	17.12	17.06	17.05
0700	17.12	17.05	17.06
0730	17.12	17.08	17.08
0800	17.12	17.08	17.08
0830	17.18	17.06	17.06
0900	17.17	17.11	17.11
0930	18.39	18.03	19.33
1000	19.13	18.61	19.93
1030	19.13	18.40	19.72
1100	19.13	18.61	19.93
1130	18.30	18.61	19.93
1200	18.39	18.61	19.93
1230	18.39	18.61	19.93
1300	17.20	18.61	19.93
1330	17.18	18.06	19.35
1400	17.14	18.06	19.35
1430	17.12	17.08	17.08
1500	17.08	17.08	17.08
1530	17.09	17.09	17.09
1600	17.13	18.62	19.93
1630	17.17	19.58	20.93
1700	19.51	24.54	26.03
1730	25.00	26.00	27.81
1800	25.00	26.00	27.81
1830	25.00	24.54	25.99
1900	20.83	21.19	22.55
1930	19.91	21.19	22.55
2000	19.51	20.42	21.77
2030	18.30	19.50	20.92
2100	17.17	18.62	19.92
2130	17.16	18.06	19.36
2200	17.13	17.08	17.09
2230	17.12	17.08	17.08
2300	17.08	17.06	17.06
2330	17.04	17.05	17.05
2400	17.04	17.05	17.05

Prices are determined for every half hour in each twenty-four hour period. Prices are in pounds per megawatt hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

ECONOMIC DIARY

TODAY: Finance ministers of the Group of Seven industrial nations meet on Long Island in the United States.
TOMORROW: Strike ballot of steel workers in Germany.
MONDAY: Balance of payments current account and overseas trade figures (December). Start of two-day meeting of the European Community agriculture council in Brussels. Fourth Association of South East Asian Nations summit in Singapore.
TUESDAY: Finished steel consumption and stock changes (third quarter). Quarterly house purchase finance statistics (fourth quarter). CBI industrial trends survey (January). US employment cost index (fourth quarter). Mr George Bush, US president, delivers annual State of the Union address. Middle Eastern foreign ministers hold two-day meeting in Moscow.
WEDNESDAY: Building society monthly figures (December). New construction orders (November-provisional). Bricks and cement production and deliveries (fourth quarter). US corporate profits (fourth quarter); gross domestic profit (fourth quarter-preliminary). US budget proposals. South African Development Co-ordination Conference consultative summit in Maputo (until January 31).
THURSDAY: New vehicle registrations (December). London sterling certificates of deposit (December). Monetary statistics (including bank and building society balance sheets) (December). Bill turnover statistics (December). Sterling commercial paper (December). Provisional analysis of bank lending for house purchase (fourth quarter). Energy trends (November). US personal income (December); personal spending (December). Mr Boris Yeltsin, Russian president, visits London. Conference on Security and Co-operation in Europe foreign ministers' meeting (until January 31). Annual world economic forum of business and political leaders in Davos.
FRIDAY: Engineering sales and orders at current and constant prices (November). Security Council holds summit meeting on the future of the United Nations.

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS	Friday January 24 1992						Thu Jan 23	Wed Jan 22	Tue Jan 21	Year ago (approx)	Highs and Lows Index			
Figures in parentheses show number of stocks per section	Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1992 to date	Index No.	Index No.	Index No.	Index No.	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
1 CAPITAL GOODS (178)	773.50	-1.0	8.80	6.21	14.52	0.19	781.57	781.65	786.56	704.66	890.04 15/3 /91	673.31 16/1 /91	1038.07 16/7 /87	50.71 13/12/74
2 Building Materials (23)	931.56	-1.2	7.47	6.68	18.13	0.00	942.99	948.49	958.63	968.86	1167.75 14/3 /91	820.50 23/12/91	1381.08 16/7 /87	44.27 11/12/74
3 Contracting, Construction (29)	859.14	-0.3	9.29	8.63	15.52	0.00	861.58	863.61	870.62	1081.63	1436.66 15/3 /91	822.60 23/12/91	1951.50 16/7 /87	71.48 2 /12/74
4 Electricals (7)	2453.60	-2.1	10.12	6.11	12.42	0.00	2505.71	2507.41	2507.57	1870.88	2675.48 1 /10/91	1837.98 22/1 /91	3040.80 8 /9 /89	84.71 25/6 /62
5 Electronics (26)	1724.33	+0.2	10.69	4.98	11.85	0.41	1720.32	1731.72	1737.93	1565.81	1988.19 15/3 /91	1478.00 16/1 /91	2308.22 19/5 /89	1229.01 5 /10/85
6 Engineering-Aerospace (8)	326.34	-2.4	16.55	7.96	7.36	0.00	334.31	330.99	333.51	388.73	469.23 9 /4 /91	318.78 23/12/91	502.42 13/6 /90	318.78 23/12/91
7 Engineering-General (45)	483.68	-0.4	9.89	5.12	12.46	0.84	485.56	485.53	486.58	342.35	503.16 2 /10/91	339.57 23/1 /91	505.10 15/6 /90	339.57 23/1 /91
8 Metals and Metal Forming (10)	326.83	+0.2	2.14	10.63	-	0.00	326.09	325.11	329.13	398.54	509.18 3 /4 /91	286.87 20/12/91	596.67 9 /10/87	49.65 6 /1 /75
9 Motors (13)	294.43	-1.9	8.67	8.10	15.33	0.00	300.00	297.89	298.37	273.46	371.25 6 /9 /91	260.43 16/1 /91	411.42 13/10/87	19.91 6 /1 /75
10 Other Industrial Materials (19)	1589.72	-1.6	7.57	5.16	15.71	0.00	1615.32	1610.48	1620.91	1225.34	1695.02 2 /9 /91	1147.76 16/1 /91	1881.53 18/8 /89	277.55 15/1 /81
21 CONSUMER GROUP (188)	1621.84	-0.4	7.19	3.41	17.12	1.53	1628.62	1624.70	1633.01	1198.31	1646.08 15/1 /92	1180.45 16/1 /91	1646.08 15/1 /92	61.41 13/12/74
22 Brewers and Distillers (23)	2045.26	-0.5	8.14	3.47	14.90	7.92	2055.45	2056.62	2059.84	1478.24	2059.84 21/1 /92	1478.24 25/1 /91	2059.84 21/1 /92	69.47 13/12/74
25 Food Manufacturing (18)	1216.42	-0.6	8.86	4.18	13.94	1.03	1223.51	1224.78	1233.04	1037.40	1251.91 2 /10/91	1013.60 16/1 /91	1251.91 2 /10/91	59.67 11/12/74
26 Food Retailing (17)	2453.50	+0.8	9.01	3.38	14.43	0.39	2434.01	2445.64	2453.96	2392.46	2854.91 2 /5 /91	2231.21 22/11/91	2854.91 2 /5 /91	54.25 11/12/74
27 Health and Household (24)	4394.16	-0.9	5.17	2.22	22.17	0.35	4434.50	4406.02	4445.69	2561.27	4654.94 14/1 /92	2454.93 16/1 /91	4654.94 14/1 /92	175.38 28/5 /80
29 Hotels and Leisure (24)	1256.57	-0.9	7.94	5.34	15.56	0.00	1268.60	1265.68	1267.51	1066.91	1405.62 2 /9 /91	1066.91 25/1 /91	1845.77 8 /9 /89	54.83 9 /1 /75
30 Media (23)	1469.59	+0.5	6.66	3.65	18.88	0.91	1462.02	1450.87	1455.50	1185.85	1565.67 20/9 /91	1166.91 16/1 /91	1565.67 20/9 /91	1166.91 16/1 /91
31 Packaging, Paper & Printing (17)	749.08	-0.4	7.07	4.43	17.15	0.00	751.85	748.40	752.11	500.90	788.41 9 /9 /91	486.96 16/1 /91	788.41 9 /9 /91	43.46 6 /1 /75
34 Stores (32)	1002.59	-0.2	7.32	3.71	18.10	0.23	1005.02	1001.85	1006.44	768.87	1042.47 8 /11/91	766.89 29/1 /91	1160.58 29/7 /87	52.63 6 /1 /75
35 Textiles (10)	608.99	-0.4	7.55	5.08	16.89	0.00	611.24	612.22	615.23	398.23	652.30 1 /11/91	396.58 28/1 /91	914.52 2 /10/87	62.66 11/12/74
40 OTHER GROUPS (115)	1189.62	-0.6	10.14	5.57	12.44	5.01	1197.12	1193.50	1201.08	994.08	1330.48 2 /10/91	961.05 16/1 /91	1330.48 2 /10/91	58.63 6 /1 /75
41 Business Services (16)	1371.86	-1.0	7.31	4.78	17.39	0.00	1386.02	1396.62	1423.72	956.71	1451.74 16/1 /92	892.28 1 /2 /91	1451.74 16/1 /92	892.28 1 /2 /91
42 Chemicals (21)	1452.83	-0.3	6.95	5.04	17.78	0.19	1457.60	1457.30	1465.59	1054.56	1520.52 2 /9 /91	1004.01 16/1 /91	1545.46 5 /10/87	71.20 1 /12/74
43 Conglomerates (11)	1305.80	-2.6	11.11	7.76	10.96	0.10	1340.70	1340.06	1343.07	1264.55	1626.42 14/3 /91	1203.24 23/12/91	1819.46 11/8 /89	975.19 10/11/87
44 Transport (14)	2392.29	-1.8	5.36	4.72	24.56	0.00	2435.67	2422.06	2437.63	1745.27	2448.16 17/1 /92	1730.87 23/1 /91	2554.69 12/7 /89	90.80 29/6 /62
45 Electricity (16)	1150.10	+0.5	15.77	6.46	8.25	11.22	1144.20	1149.65	1156.99	1062.50	1286.51 2 /10/91	994.96 7 /1 /91	1286.51 2 /10/91	994.96 7 /1 /91
46 Telephone Networks (4)	1356.38	-0.2	11.57	4.62	11.29	15.96	1359.04	1344.43	1356.11	1130.09	1658.67 2 /10/91	1085.95 16/1 /91	1658.67 2 /10/91	517.92 30/11/84
47 Water (10)	2253.13	-0.1	18.94	7.06	5.82	0.00	2254.74	2224.32	2242.78	2342.55	2539.85 6 /9 /91	2134.83 16/1 /91	2539.85 6 /9 /91	1820.20 1 /5 /90
48 Miscellaneous (23)	1790.86	-0.2	5.53	5.44	24.88	0.00	1802.08	1805.46	1805.76	1514.04	2033.42 15/8 /91	1506.17 16/1 /91	2087.06 11/7 /89	60.39 6 /7 /75
49 INDUSTRIAL GROUP (481)	1270.61	-0.6	8.38	4.57	14.93	2.32	1278.15	1275.40	1282.67	1015.31	1326.09 6 /9 /91	991.97 16/1 /91	1326.09 6 /9 /91	59.01 13/12/74
51 Oil & Gas (19)	2161.09	-0.7	11.84	6.49	11.17	0.00	2176.50	2173.39	2203.23	2131.52	2509.42 23/7 /91	2161.45 21/1 /91	2528.70 3 /8 /90	87.23 29/5 /62
59 500 SHARE INDEX (500)	1350.33	-0.6	8.77	4.78	14.38	2.19	1358.54	1355.72	1364.67	1108.25	1424.90 2 /9 /91	1092.04 16/1 /91	1424.90 2 /9 /91	63.49 13/12/74
61 FINANCIAL GROUP (87)	722.14	-0.2	-	6.45	-	0.00	723.37	729.16	737.45	699.27	859.94 15/3 /91	667.36 16/1 /91	896.67 13/10/87	55.88 13/12/74
62 Banks (9)	868.17	+0.3	4.42	6.12	45.96	0.00	865.31	877.67	889.13	749.87	990.15 6 /9 /91	695.08 15/1 /91	990.15 6 /9 /91	62.44 12/12/74
65 Insurance (Life) (6)	1413.93	-1.4	-	6.04	-	0.00	1434.28	1430.33	1440.63	1268.42	1632.53 4 /9 /91	1220.74 16/1 /91	1632.53 4 /9 /91	44.88 2 /1 /75
66 Insurance (Composite) (7)	505.18	-0.6	-	8.63	-	0.00	508.10	514.32	521.31	610.50	728.27 15/3 /91	462.25 23/12/91	768.11 29/12/89	43.96 13/12/74
67 Insurance (Brokers) (10)	1017.20	-0.3	7.60	6.57	17.31	0.00	1020.75	1017.19	1021.46	965.49	1202.38 5 /4 /91	932.88 23/1 /92	1399.56 17/7 /87	65.86 16/12/74
68 Merchant Banks (7)	461.23	+0.6	-	4.65	-	0.00	458.52	462.60	461.98	332.99	498.05 15/11/91	327.70 16/1 /91	547.59 12/10/87	31.21 7 /1 /75
69 Property (34)	783.35	-0.3	7.01	5.90	20.33	0.00	785.38	785.05	798.64	936.16	1087.65 15/3 /91	760.62 14/1 /92	1398.87 5 /9 /89	56.01 20/4 /65
70 Other Financial (14)	239.01	-0.6	11.16	7.48	11.30	0.00	240.38	240.91	240.95	237.96	298.63 15/3 /91	225.10 23/12/91	603.48 16/7 /87	33.29 17/12/74
71 Investment Trusts (68)	1173.33	-0.9	-	3.72	-	0.38	1184.45	1187.52	1194.08	965.78	1261.80 6 /9 /91	947.19 16/1 /91	1325.81 4 /1 /90	71.12 13/12/74
99 ALL-SHARE INDEX (655)	1200.51	-0.6	-	4.95	-	1.67	1207.29	1206.38	1215.00	1006.76	1284.07 6 /9 /91	987.46 16/1 /91	1284.07 6 /9 /91	61.92 13/12/74

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Jan 23	Jan 22	Jan 21	Jan 20	Jan 17	Year ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
FT-SE 100 SHARE INDEX‡	2510.4	-14.9	2515.7	2493.2	2525.3	2522.0	2543.4	2544.9	2536.7	2103.0	2679.6 2 /9 /91	2054.8 16/1 /91	2679.6 2 /9 /91	986.9 23/7 /84

FIXED INTEREST

PRICE INDICES	Fri Jan 24	Day's change %	Thu Jan 23	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (26)	121.82	+0.13	121.80	1.67	1.07
2 5-15 years (27)	136.08	-0.04	136.48	1.93	1.50
3 Over 15 years (8)	146.88	-0.13	147.07	2.43	0.00
4 Irredeemables (6)	162.13	-0.09	162.29	2.28	0.00
5 All stocks (67)	134.08	+0.01	134.31	1.91	1.21
Index-Linked					
6 Up to 5 years (2)	169.02	+0.07	168.91	1.18	0.00
7 Over 5 years (9)	149.54	+0.14	149.33	0.44	0.63
8 All stocks (11)	151.09	+0.13	150.90	0.53	0.54
9 Debs & Loans (62)	117.33	+0.03	117.30	2.89	0.09

AVERAGE GROSS REDEMPTION YIELDS		Fri Jan 24	Thu Jan 23	Year ago (approx.)	1991/92 High	1991/92 Low
British Government						
1 Low	5 years	8.80	8.76	9.78	10.14 16/1 /91	8.42 12/11/91
2 Coupons	15 years	9.24	9.22	9.79	10.24 2 /1 /91	9.18 21/1 /92
3 (0%-7¾%)	20 years	9.24	9.22	9.80	10.26 2 /1 /91	9.18 21/1 /92
4 Medium	5 years	9.56	9.56	10.53	11.15 2 /1 /91	9.55 24/1 /92
5 Coupons	15 years	9.33	9.30	10.10	10.62 2 /1 /91	9.26 20/1 /92
6 (8%-10¾%)	20 years	9.28	9.25	9.99	10.50 2 /1 /91	9.20 20/1 /92
7 High	5 years	9.80	9.80	10.68	11.25 2 /1 /91	9.75 20/9 /91
8 Coupons	15 years	9.41	9.39	10.23	10.80 2 /1 /91	9.34 20/1 /92
9 (11%-)	20 years	9.33	9.31	10.05	10.67 2 /1 /91	9.26 21/1 /92
10 Irredeemables		9.44	9.43	10.06	10.46 2 /1 /91	9.39 21/1 /92
Index-Linked						
11 Inflation rate 5%	Up to 5yrs	3.86	3.86	3.73	4.48 15/7 /91	3.39 18/1 /91
12 Inflation rate 5%	Over 5 yrs	4.27	4.28	4.13	4.45 31/12/91	4.09 18/2 /91
13 Inflation rate 10%	Up to 5 yrs	3.19	3.18	2.34	3.60 9 /7 /91	2.13 21/2 /91
14 Inflation rate 10%	Over 5 yrs	4.09	4.09	3.95	4.27 31/12/91	3.90 12/4 /91
15 Debs &	5 years	11.05	11.06	12.58	12.63 9 /1 /91	11.00 21/1 /92
16 Loans	15 years	10.81	10.82	12.21	12.38 18/1 /91	10.78 21/1 /92
17	25 years	10.64	10.64	11.89	12.16 18/1 /91	10.59 21/1 /92

‡Opening Index 2502.6; 9 am 2497.9; 10 am 2505.5; 11 am 2514.2; Noon 2510.2; 1 pm 2509.3; 2 pm 2508.4; 2.30 pm 2509.5; 3 pm 2514.8; 4.10 pm 2510.2; (a) 3.06pm (b) 8.41am

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Business Services	31/12/90	999.65	Telephone Networks	30/11/84	517.92	Food Manufacturing	29/12/67	114.13
Electricity	31/12/90	999.65	Electronics	30/12/83	1646.65	Food Retailing	29/12/67	114.13
Media	31/12/90	1228.68	Other Industrial Materials	31/12/80	287.41	Insurance Brokers	29/12/67	96.67
Engineering - Aerospace	29/12/89	486.00	Health/Household Products	30/12/77	261.77	All Other	10/4/62	100.00
Engineering - General	29/12/89	486.00	Other Groups	31/12/74	63.75	British Government	31/12/75	100.00
Water	29/12/89	1968.45	Industrial Group	31/12/70	128.20	Do. Index-linked	30/4/82	100.00
Conglomerates	31/12/86	1114.07	Other Financial	31/12/70	128.06	Debs & Loans	31/12/77	100.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. Tel: 071-702 0991.

LONDON TRADED OPTIONS

Option		Calls Apr	Calls Jul	Calls Oct	Puts Apr	Puts Jul	Puts Oct
Allied Lyons (*640)	600	63½	75½	90½	11½	22½	28½
	650	32½	46½	62½	31½	44½	50½
	700	16½	26½	42½	62½	74½	80½
ASDA (*35)	30	7	10	12½	2½	4	5½
	35	5½	-	-	4½	-	-
	40	-	5½	7½	-	10½	11½
Brit. Airways (*244)	220	33½	38½	43½	5	8	11½
	240	20	26	32½	10½	17½	20½
	260	9½	14	21½	22	27½	30½
SmKl Beecham A (*887)	850	71½	93½	118	19½	28½	34½
	900	42½	67	88½	40½	48½	52½
	950	23	44½	66½	70½	73½	78½
Boots (*451)	420	46½	50½	60½	5½	10½	12½
	460	19	25½	36½	18½	26	29
B P (*305)	280	15	20	25½	10	14	17
	300	7½	12	17	21½	26½	28½
British Steel (*77)	70	9½	12	13	2½	4½	5½
	80	4½	6½	8	8	9	10½
Bass (*1083)	1050	71½	95½	136	17½	27	37½
	1100	48½	66	86½	36½	48½	58½
C & Wire (*583)	550	55½	67½	84½	10½	19½	21½
	600	24½	39	51½	30½	40½	42½
Courtaulds (*519)	500	43	52	65	12	20	23
	550	17½	27½	40	34	43	45
Com. Union (*458)	420	42½	47½	-	8	12½	-
	460	16	25	31	27	32	37
Fisons (*332)	330	22½	33½	44½	18½	21½	24
	360	10½	20½	30	37	38	42
GKN (*308)	300	18	23	26½	16½	19½	27
	330	5	10½	15½	37	38	44
Grand Met. (*948)	900	77½	102	117	13½	22½	30½
	950	45½	72½	89½	32½	40½	49½
I.C.I. (*1247)	1200	76½	105	120	37½	48½	63½
	1250	45½	78½	95	61½	70	83½
Kingfisher (*508)	500	34½	39½	50½	15	25½	25½
	550	11	19	27½	45½	52½	55½
Ladbroke (*217)	200	23½	27	33	6	10½	13
	220	11½	16½	22½	14½	19½	22½
Land Secur (*469)	460	29	33½	41½	18½	20	22½
	500	10½	14½	22½	32½	42½	47½
M & S (*291)	280	23½	27½	36½	7½	11½	14½
	300	12	18	24½	14½	20½	23½
Sainsbury (*356)	330	36½	40	50	3	6	8½
	360	16½	22½	31½	12½	18	19
Shell Trans. (*487)	460	32½	45½	50½	10	14½	18½
	500	11	23½	28½	30½	34½	37½
Storehouse (*103)	100	12½	16½	18	5½	7½	8½
	110	6	9½	12½	10	12	14
Trafalgar (*128)	120	17	21	24	7½	12½	14½
	130	11½	14½	20	12½	18	20
Utd. Biscuits (*399)	390	25½	32	40	13½	17½	21
	420	9	17½	25	31	33½	38½
Unilever (*890)	850	62½	78½	101	15	20½	27½
	900	33	52½	73½	35½	43	47½
[illegible] (*284)	280	18	-	-	10	-	-
	300	10½	28	-	31½	-	-

Option		Calls Feb	Calls May	Calls Aug	Puts Feb	Puts May	Puts Aug
Brit Aero (*283)	280	15½	24	32	11	32	38
	300	7½	16½	24	23	46	47½
BAA (*540)	500	43½	61½	67½	2	9½	15½
	550	7½	30	38	17	29	36
BAT Inds (*637)	600	43½	56½	63½	3	16	25½
	650	12	28½	38½	20½	37½	49½
BTR (*423)	420	10½	22	30	8	20	23
	460	1	6½	13½	40½	47½	49½
Brit. Telecom (*319)	300	22½	34	38	2½	6½	11
	330	4	16	22½	14	19	23
Cadbury Sch (*440)	420	30	41½	53½	5½	16	20½
	460	7½	22	34½	22½	37½	40½
Eastern Elec. (*219)	200	20½	26½	32	1½	4	8
	220	-	-	19½	-	-	16½
Guinness (*527)	525	14½	30	-	9	22½	-
	550	5	19½	29½	25	37	39½
GEC (*198)	180	19	25	28	½	2½	4½
	200	4½	12	14	5	8½	12½
Hanson (*212)	200	14	22	24	1½	4½	6½
	220	2½	10½	12½	10	13	15
LASMO (*265)	240	13½	21	27½	5½	16½	19½
	260	5	12½	19	17½	28½	32½
Lucas Inds (*114)	110	8	13	14½	4	6½	8
	120	2½	6½	10	8½	11½	13½
P. & O. (*447)	420	30	42½	47	3	17½	22½
	460	7½	18	27½	20½	38½	42½
Pilkington (*136)	130	11½	16½	20	2½	6½	11½
	140	5½	13½	15½	6½	11½	16½
Prudential (*229)	220	13½	17½	23½	2½	9½	12
	240	3½	8½	14½	12½	20½	22½
Racal (*49)	47	3	-	-	½	-	-
	51	1	-	-	3	-	-
R.T.Z. (*520)	500	29½	40½	50½	5½	20	24½
	550	4½	16	27½	30½	48½	53½
Scot. & New (*438)	420	18	25½	43½	5½	12½	19½
	460	3	15½	23	30½	33½	45½
Tesco (*240)	240	7	13½	19½	6½	13½	15½
	260	1½	5½	-	22	25	-
Thames Water (*346)	330	19½	32½	36	2½	7	14½
	350	7	-	-	9½	-	-
Vodafone (*348)	330	24	37	43	2½	9	14
	360	7	23½	25	16½	23½	27½

Option		Calls Mar	Calls Jun	Calls Sep	Puts Mar	Puts Jun	Puts Sep
Abbey Nat. (*287)	280	14½	21½	24½	10	13½	15½
	300	5½	12½	16½	21½	24½	26½
Amstrad (*27)	25	5½	6½	8½	2½	3½	5½
	30	2½	4½	5½	6	7	9
Barclays (*382)	360	28½	30½	38	9	14	20½
	390	10½	15½	20	24½	29	35½
Blue Circle (*249)	240	17½	23½	28	6½	14½	17½
	260	8½	14½	19	16	25	28
British Gas (*245)	240	10½	15	19½	7½	13	15
	260	4	6½	11	21	26	28½
Dixons (*225)	220	33	37	40	2½	7	10½
	240	6½	15	18½	18	22½	26
Eurotunnel (*432)	420	35	55	66	23	28	35
	460	18	37	38	40	50	57½
Glaxo (*858)	850	47½	81½	106	36½	55½	65½
	900	27½	61½	83½	65½	80½	88½
Hawker Sidd (*798)	750	48	53	-	6½	11½	-
	800	11½	21½	-	-	-	-
Hillsdown (*157)	140	20½	24½	25½	3½	5½	10
	160	7½	11½	14	8½	17½	19½
Lonrho (*164)	160	13	20½	26	19	24	26½
	180	6½	13½	18½	32½	35½	37½
Midland Bk (*226)	220	17½	28	32½	9	15½	18½
	240	9½	18½	22	19½	24	27½
National Power (*133)	130	6	13½	15½	5½	7	10½
	140	2½	9½	10½	11	13	15½
Reuters (*1060)	1050	53½	88	115	37½	58	69
	1100	27½	65½	92	66½	85	95
R. Royce (*139)	130	12	14	17	4½	6½	10
	140	5½	9	12	10	13	15
Scottish Power (*95)	90	9	13	14	2½	5	7
	100	2½	6½	8	7	10	13
Sears (*97)	90	8½	11½	13½	2	5½	7
	100	4	6½	8½	6½	10½	12½
Forte (*235)	220	20½	25½	29	2½	7½	10½
	240	7½	14½	18½	10	16½	19½
Thorn EMI (*808)	800	35½	59	63½	10½	25½	37½
	850	12½	35½	41½	43½	48½	59½
TSB (*125)	120	9½	13½	15½	2½	5½	7½
	130	4	9	10½	8	10½	12½
Vaal Reefs (*$70)	70	4½	8	9	4½	8	9½
	80	1½	4	5	12	13	13½
Wellcome (*1075)	1050	70½	113	142	32½	51½	68
	1100	43½	86½	114	53½	73½	79½

EURO FT-SE INDEX (*2510)

	2375	2425	2475	2525	2575	2625	2675	2725
CALLS								
Jan	154	105	60½	23½	7	1	½	½
Feb	177	134	96½	63	37½	21½	12	7
Mar	-	165	-	96½	-	47	-	20
Jun	-	223	-	160	-	106	-	65½
Sep	-	262	-	197	-	140	-	97½
Dec	-	290	-	230	-	190	-	127
PUTS								
Jan	2	3	6½	18½	52½	97½	145	195
Feb	10½	19½	29½	46½	70½	102	142	185
Mar	-	38	-	64	-	115	-	155
Jun	-	63½	-	94½	-	135	-	195
Sep	-	78	-	110	-	140	-	190
Dec	-	90	-	120	-	150	-	200

FT-SE EUROTRACK 100 INDEX (*1132)

	1000	1025	1050	1075	1100	1125	1150	1175
CALLS								
Mar	-	-	105	82	60	41	24	12
Jun	176	153	131	109	89	-	-	-
PUTS								
Mar	-	-	2½	4	7½	11½	21	32
Jun	2	4½	6½	10	12½	-	-	-

FT-SE INDEX (*2516)

	2350	2400	2450	2500	2550	2600	2650	2700
CALLS								
Jan	179	130	80½	39½	13½	3	1	½
Feb	202	160	117	79½	50½	30½	16	9
Mar	225	186	146	112	83½	60½	41½	27
Apr	249	210	174	141	111	85½	65	47
Jun	-	245	-	174	-	119	-	75½
Dec †	-	295	-	225	-	175	-	135
PUTS								
Jan	1	2½	6½	14½	40	90	140	190
Feb	11½	17½	25½	40	63	98½	140	190
Mar	21	29	41	57½	79½	107	141	190
Apr	36½	37½	60½	77½	98½	125	158	197
Jun	-	57½	-	91½	-	137	-	205
Dec †	-	87½	-	127	-	165	-	217

January 24 Total Contracts 26 003
Calls 11 511 Puts 14 492
FT-SE Index Calls 1 818 Puts 4 405
Euro FT-SE Calls 984 Puts 711
Eurotrack 100 Index Calls 0 Puts 0
*Underlying security price † Long dated expiry months
Premiums shown are based on middle prices

TRADITIONAL OPTION 3-month call rates

INDUSTRIALS	p	Charter Cons.	40	Ladbroke	17	Sears	7½	**OILS**	
Allied-Lyons	55	Comm Union	38	Legal & Gen	31	SmKl Bchm A	78	Aviva Pet	1¼
Amstrad	3	Courtaulds	39	Lex Service	18	TI	45	BP	22
Astec (BSR)	3	Eurotunnel	39	Lloyds Bank	31	TSB	10½	Burmah Castrol	40
BAT Inds	50	FKI	5½	Lonrho	20	Tesco	17	Conroy Pet	7½
BOC	46	FNFC	12	Lucas Inds	9	Thorn EMI	65	Gaelic Res	½
BTR	32	Forte	19	Marks Spencer	22	T & N	11	Premier Cons	3
Barclays	31	GKN	25	Midland Bank	19	Unilever	70	Shell	37
Blue Circle	22	Gen Accident	38	NatWest Bank	24	Vickers	14	Tuskar Res	1
Boots	38	GEC	15	P & O Dfd	34	Wellcome	75	**MINES**	
Bowater	55	Glaxo	70	Racal Elect	4½	**PROPERTY**		RTZ	39
Brit Aerospace	27	Grand Met	78	RHM	18	Brit Land	21		
British Steel	6	GRE	11	Rank Org	45	Land Sec.	38		
Brit Telecom	24	Hanson	16	Ratners	5	MEPC	31		
Cadburys	33	ICI	80	Reed Intl	40	Mountleigh	2½		

Pfizer commits up to $505m to meet heart valve claims

By Alan Friedman in New York

PFIZER, one of the largest US drug companies, has agreed to commit up to $505m to cover claims by recipients of the company's artificial heart valves who become ill or die.

The allocation, which consists of up to $205m in a settlement of a lawsuit plus a $300m pre-tax reserve taken by the company, represents one of the largest product liability settlements in the history of the US pharmaceuticals industry.

The record was set in 1988 when A.H. Robins agreed to set up a $2.4bn fund to compensate women who claimed injuries from the Dalkon Shield contraceptive device.

The $300m fourth-quarter charge – which amounts to $195m after tax and is separate from the settlement of a lawsuit covering 55,000 heart valve recipients – wiped out nearly all the company's net earnings in the quarter, reducing them to less than $1m from $154.8m in the last quarter of 1990. Quarterly sales were 4 per cent higher at $1.85bn.

For the whole of 1991 the charge resulted in Pfizer's net income declining by 10 per cent, to $722.1m. Sales for the year were 8 per cent higher at $6.95bn.

Pfizer said yesterday that 400 recipients of the artificial heart valve, which was taken off the world market in 1986, have either died or suffered from its fracture. But the company will not admit that the valve is defective.

Last September, the New York-based drug company sought to refute a report of a Food and Drug Administration (FDA) task force finding that a Pfizer subsidiary had schemed to thwart FDA regulatory efforts and to prolong the marketing of the flawed heart valve.

The task force charged that the valve, made by Pfizer's former Shiley subsidiary, was defective at the time of FDA approval in 1979.

The settlement, which still requires court approval, is in response to a class action lawsuit filed last April. The agreement sets up a fund of between $80m and $130m to provide heart valve patients with medical payments plus a further $75m of funds that will be administered by the court in order to finance heart valve research. Claims will be awarded to patients on the basis of a sliding scale that ranges between $500,000 and $2m per claimant.

The $300m taken in the fourth-quarter charge is for future claims by patients who suffer from fractures of the valve.

Mr Stanley Chesley, the lawyer who acted on behalf of the heart valve patients, said the settlement was significant because it does not contain a ceiling on total claims by patients.

Pfizer said this means that valve recipients have the right to bring further legal action against the company if they are not satisfied with the payments already specified.

Pfizer said it expected to offset the $155m to $205m of payments agreed in the settlement with its own insurance and from gains recorded on the sale last month of most of Shiley's remaining product lines to SNIA BPD, a subsidiary of Italy's Fiat group.

On Wall Street yesterday, Pfizer's share price rose by ⅛ to $75⅞.

Mundial to be fully privatised in late March

By Patrick Blum in Lisbon

MUNDIAL Confianca, one of Portugal's top three insurance companies with an estimated turnover of Es32bn ($237m) in 1991, will be fully privatised in the second half of March, the government announced this week.

Several other privatisations, including the sale of an initial stake in Petrogal, the oil group and the country's largest company, and the completion of the sale of Banco Espirito Santo e Comercial de Lisboa, Portugal's third largest bank that was 40 per cent privatised last year, are also expected soon. Conditions for the sale of 51 per cent in Petrogal are due to be announced next week.

This year, the government plans to accelerate its privatisation programme with the sale or partial sale of 18 companies which it hopes will raise about Es350bn. Since the programme began in 1989, the government has raised Es370bn from 14 big privatisations.

The sale of Mundial will be split into three tranches with a starting price of Es3,500 for a single indivisible block of shares representing 40 per cent of the company's share capital. The other 60 per cent will be divided among employees, small investors and overseas investors who will be reserved 25 per cent of the shares, and general investors for the remaining 35 per cent of the shares.

Employees will be offered shares at a fixed price of Es2,925 per share, and foreign and small investors at Es3,100 per share. The starting price for general investors will be Es3,250 per share. Foreign investors will be limited to a maximum 25 per cent of the privatised shares, though they can join up with Portuguese groups in bidding for the single block of shares or/and buy shares from the tranche aimed at general investors.

Several groups have already indicated interest in Mundial including Banco Totta & Acores, a Portuguese bank in which Spain's Banesto has a large stake, Allianz, the German insurance group, and Mr Antonio Champalimaud, a Portuguese entrepreneur and former owner of the company before its nationalisation in 1975.

● Sociedade de Construcoes Soares da Costa, Portugal's biggest civil construction company, yesterday said 1991 pre-tax profits had topped Es2.5bn compared with Es2.05bn in 1990, Reuter reports from Lisbon.

Turnover for 1991 was over Es55bn against Es50.6bn the previous year.

Tisch rescue talk lifts Macy bonds

By Nikki Tait in New York

BONDS in R.H. Macy, the ailing New York-based department store chain, jumped sharply yesterday morning, on news that Mr Laurence Tisch, the US businessman whose interests range from the CBS media group to insurance and property, might be riding to the rescue of the heavily-indebted retailer.

But neither Mr Tisch's office, nor Macy itself would comment and, although traders were quick to cover their short positions, they were left to speculate on the shape of the Tisch package and its chances of success. "It all depends on the board, and getting bondholders to agree," commented one.

Mr Tisch is already a member of Macy's colourful and prestigious board – which includes the likes of Henry Kissinger and Mr Alfred Taubman, owner of Sotheby's – and holds a 15 per cent stake in the retail group.

Under the proposed recapitalisation plan, it was rumoured that Mr Tisch's interests would invest heavily – perhaps to the tune of $1bn – and take a substantial controlling stake in Macy.

As well as shareholders, certain debt-holders would be bought out at well below par value. Macy has three junk bond issues, with a total face value of $1.3bn.

But no firm details of this proposal were available, and people involved in the Macy situation admitted it was "extremely fluid".

There is, however, some time-pressure on Macy, and it seemed likely that decisions could be made either late on Friday or over the weekend.

Earlier this month, Macy delayed payments to trade suppliers, in the hope of meeting certain "clean down" provisions attached to a $587.7m revolving credit facility. These demanded that Macy reduce its borrowings under the facility to $150m for 30 days between mid-December and mid-February and to $75m for seven consecutive days during that period.

When it announced the delay, Macy said that it intended to resume payments to its suppliers on January 25 – once it was able to draw down funds under the facility. However, there have been more recent suggestions that Macy and its banking group – led by Chemical Bank and Bankers Trust – were still in negotiations.

Laurence Tisch: possible recapitalisation

Macy – which is believed to have about $3.7bn of long-term debt – lost $155m in the three months to early November.

Texas Instruments incurs loss

By Louise Kehoe in San Francisco

TEXAS Instruments, the US semiconductor and electronics manufacturer, reported continuing losses for the fourth quarter and its second consecutive annual net loss, but said that it expects to return to profitability this year.

TI said that 1991 was one of the most difficult years in the company's history. Charges taken for cost reductions, lower semiconductor prices and start-up expenses for new semiconductor manufacturing facilities were the primary causes of TI's increased losses, the company reported.

For the fourth-quarter, net revenue was virtually flat at $1.75bn, compared with $1.76bn in the same period of 1990. Net losses for the quarter were $85m, or $1.18 per share, compared with net losses of $66m, or 80 cents per share, in the fourth quarter of 1990.

The fourth-quarter results include a charge of $55m for job cuts and the closure of older semiconductor manufacturing facilities.

The charges cover a planned workforce reduction of 1,000 people in addition to earlier cuts.

"Texas Instruments' unsatisfactory financial performance in 1991 was well below our expectations as a result of lower than expected economic growth in the US, our slower than planned ramp-up of new semiconductor [production] capacity, adverse tax provisions, and charges taken to substantially reduce future costs and streamline organisations across all TI businesses," said Mr Jerry Junkins, chairman, president and chief executive.

Net revenues for the year were $6.8bn, up from $6.6bn in 1990. Net losses for the year were $409m, or $5.40 per share, following losses of $39m or 92 cents per share in 1990.

The company took charges totalling $240m during the year as it phased out older, unprofitable semiconductor plants and reduced its workforce. The cuts will result in annual cost savings of $220m, TI said.

"We are planning to return TI to profitability in 1992 through cost reductions, business process and productivity improvements, and emphasis on new products," said Mr Junkins. Capital spending will be reduced to about $425m, from $504m in 1991 and $909m in 1990, the company added.

Packer sells 51% stake in Valassis

By Amilia Tagaza in Canberra

MR KERRY PACKER, the Australian media entrepreneur, has stepped up his worldwide asset sell-off with the flotation of 51 per cent of Valassis Communications, his successful US-based advertising company.

The flotation, seeking to raise between US$442m and US$508m, has intensified speculation that Mr Packer is raising cash ahead of a big overseas investment.

In November last year, Mr Packer unexpectedly withdrew from Tourang, the international consortium that won the bid for Fairfax, Australia's second-largest newspaper publisher. Tourang, led by Mr Conrad Black, the Canadian publisher, offered A$1.4bn (US$1.05bn) for the Fairfax assets.

The Valassis flotation follows closely the public offering of 51 per cent of Australian Consolidated Press, Mr Packer's magazine publishing business, which is expected to yield about A$800m to his privately-owned Consolidated Press Holdings.

A filing to the US Securities and Exchange Commission said 22.1m Valassis shares would be sold at between US$20 and US$23 a share. The flotation is underwritten by Salomon Brothers and Smith Barney Harris Upham.

Mr Packer bought Valassis in December 1986, reportedly for A$600m.

Over the last 18 months, Mr Packer has raised A$1.6bn from sales of assets including shares in the Australian National Industries, the Nine Network and six other large investments.

Morgan Stanley doubles income

By Martin Dickson in New York

MORGAN Stanley, one of New York's leading investment banks, yesterday underscored Wall Street's current profits boom when it reported more than doubled fourth-quarter net income.

The securities house said net income totalled $132.3m, or primary earnings per share of $1.61, on revenues of $716.6m, compared with net income of $58.3m, or 71 cents a share, in the same period of last year on revenues of $488.2m.

Wall Street firms have benefited over the past year from surging stock and bond markets, falling interest rates, strong demand for securities from investors and extremely heavy corporate issuance of new equity and fixed-income instruments.

Morgan's fourth-quarter leap stemmed from two main areas. One was securities transactions on its own account, where its trading revenues rose from $176.7m to $246.3m.

The group also realised $14.3m in revenues, compared with nil a year ago, from "merchant banking" – direct investment in highly leveraged companies. The second big area was investment banking, where revenues rose from $146.3m to $252.3m, helped by strong equity and debt underwriting volume.

Morgan Stanley invented the most fashionable new security on Wall Street last year – preferred equity redemption cumulative stock or percs.

For the full year, Morgan Stanley reported net income of $475.1m, or earnings per share of $5.93, against $270.4m, or $3.37 in 1990.

Revenues rose to $2.86bn from $2.16bn.

The company said its strong global market position helped 1991 sales and trading activities, resulting in record fixed income, equity, foreign exchange and commodities revenues.

On the investment banking side, equity and underwriting volumes had more than offset continued weakness in the takeover and real estate advisory markets.

Commerzbank opens office in Prague

By David Waller in Frankfurt

COMMERZBANK, Germany's third largest bank, has opened a representative office in Prague, the Czech capital, which it plans to upgrade to a fully-fledged branch by the beginning of next year at the latest.

The move reflects the growing interest of German companies and banks in Czechoslovakia.

The focus of Commerzbank's commercial banking operations will be the financing of foreign trade and the provision of short-term credits. The bank also plans to advise on local and cross-border mergers and acquisitions involving Czech companies. Retail banking will be considered later.

Rescue bids for La Cinq given 10-day deadline

By Alice Rawsthorn in Paris

A 10-day deadline has been set for the rescue of La Cinq, the collapsed French television station which earlier this month filed for bankruptcy.

Mr Hubert Lafont, who, as administrator of La Cinq, is trying to facilitate a rescue, yesterday announced that all potential rescue bids must be submitted by 6pm on Monday, February 3.

So far the only potential rescuer to have stepped forward is Mr Silvio Berlusconi, the Italian media mogul who is one of the largest shareholders in La Cinq with 25 per cent of the equity.

However, it is not certain that a plan spearheaded by Mr Berlusconi, a controversial figure whose Italian TV channels are notorious for showing soft pornography, would be acceptable to the French government.

Mr Angelo Codigoni, who represents Mr Berlusconi's French interests, yesterday afternoon met with the Conseil Supérieur de l'Audiovisuel, which regulates French television. The Berlusconi proposals are also being assessed by Hachette, the French media group which owns 25 per cent of La Cinq and ran the station before its collapse.

The potential rescuers will have to present full reconstruction plans for La Cinq, according to Mr Lafont, the administrator, in line with the channel's broadcasting remit. They must also give details of their proposed budgets and employment policies.

Saurer acquires GIG in share exchange

By Ian Rodger in Zurich

SAURER Group Holding, the Swiss textile machinery and engineering group controlled by Dr Tito Tettamanti, has acquired Gruppo Industriale Ghidella (GIG), an Italian motor components maker, through an exchange of shares.

The deal means Mr Vittorio Ghidella, chairman and owner of 93 per cent of GIG's equity, will receive a roughly 25 per cent voting stake in Saurer and become its chairman. Mr Tettamanti, who has a 35 per cent voting position, will be chairman of the twin company, Saurer Group Investments.

The exchange of shares is to be made on the basis of the audited net asset value of the two groups at the end of 1991. Saurer estimated that the 217,000 shares to be issued for GIG shareholders would be valued at about SFr670 apiece, making the deal worth roughly SFr145m ($102.80m).

GIG specialises in transmissions for agricultural and industrial vehicles. It had sales last year of L223bn.

Saurer has been active on the acquisition trail in the past year, buying Schlafhorst, a big German manufacturer of textile machinery in June and Xaloy, a US maker of components for injection moulding machines, in December.

Mr Tettamanti said Mr Ghidella would take overall responsibility for the group. The two agreed that Mr Ghidella might buy further shares of Saurer to bring his holding up to the level of Mr Tettamanti's.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES	Latest prices	Change on week	Year ago	High 1991/92	Low 1991/92
Gold per troy oz.	$354.65	-1.7	$375.65	$403.25	$345.25
Silver Per troy oz	235.90p	-7	195.05	200.55p	183.35p
Aluminium 99.7% (cash)	$1249.5	+61.5	$1484	$1570	$1082.5
Copper Grade A (cash)	£1194	-16	£1182	£1472	£1147.0
Lead(cash)	£282	-6.5	£305.0	£382.5	£261.50
Nickel (cash)	$7865	+155	$8630	$9237.5	$7090.0
Zinc SHG (cash)	$1182.5	+21.5	$1184	$1430	$990.25
Tin (cash)	$5445	-5	$5615	$5915	$5425.0
Cocoa Futures (May)	£759	-13	£668	£829	£596
Coffee Futures (Mar)	£566	-17	£538	£819	£487
Sugar (LDP Raw)	$213.4	+0.4	$222	$293	$194
Barley Futures (Mar)	£119.50	-1.10	£115.50	£122.95	£107.75
Wheat Futures (Mar)	£127.60	-0.2	£126.05	£141.10	£111.80
Cotton Outlook A Index	58.55c	-0.5	83.20c	86.25c	58.40c
Wool (64s Super)	411p	-4	408p	421p	329p
Oil (Brent Blend)	$18.125x	+0.05	$20.25	$29.15	$16.75

Per tonne unless otherwise stated. †Unquoted p-pence/kg. c-cents lb. x-Mar

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.25-5.30q	+0.15
Brent Blend (dated)	$18.30-8.40	+0.20
Brent Blend (Mar)	$18.10-8.15	+0.15
W T I (1 pm est)	$18.95-9.00q	+.075

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$201-203	
Gas Oil	$182-183	+5
Heavy Fuel Oil	$61-63	+1
Naphtha	$183-185	-0.5

Petroleum Argus Estimates.

Other		+ or -
Gold (per troy oz)♣	$354.65	-1.4
Silver (per troy oz)♣	417c	-14
Platinum (per troy oz)	$343.25	-3.75
Palladium (per troy oz)	$84.25	-0.5
Copper (US Producer)	100.64c	-0.66
Lead (US Producer)	37c	
Tin (Kuala Lumpur market)	14.33r	-0.01
Tin (New York)	253.0	-0.5
Zinc (US Prime Western)	62c	
Cattle (live weight)†	107.13p	+0.68*
Sheep (live weight)†♠	104.60p	+0.23*
Pigs (live weight)†	91.74p	+6.73*
London daily sugar (raw)	$213.4t	+0.4
London daily sugar (white)	$272.5t	+1.5
Tate and Lyle export price	£227.5	+2
Barley (English feed)	£123.0	
Maize (US No. 3 yellow)	£146	
Wheat (US Dark Northern)	£101	
Rubber (Feb)♥	50.75p	
Rubber (Mar)♥	51.00p	
Rubber (KL RSS No 1 Feb)	214.5m	-2.5
Coconut oil (Philippines)§	$760y	
Palm Oil (Malaysian)§	$330.0q	
Copra (Philippines)§	$502.5t	+2.5
Soyabeans (US)	£147.0	
Cotton "A" Index	58.55c	-0.10
Wooltops (64s Super)	411p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Mar t-Jan/Feb u-Jan/Mar v-Mar/Apr y-Feb/Mar z-Dec/Jan. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg ♠Sheep prices are now live weight prices

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Mar	188.60	189.40	190.00 187.80
May	189.40	189.80	190.40 188.00
Aug	191.00	193.00	191.80 191.60
Oct	192.20	194.00	192.60 192.00
White	**Close**	**Previous**	**High/Low**
Mar	268.5	270.0	270.1 267.8
May	271.9	273.5	273.0 271.0
Aug	273.7	275.5	276.0 273.7
Oct	262.5	264.0	264.0 261.8
Dec	264.0	265.5	265.5 264.0

Turnover: Raw 372 (787) lots of 50 tonnes. White 1198 (2336). Paris- White (FFr per tonne): Mar 1461.22, May 1497.98.

CRUDE OIL – IPE $/barrel

	Latest	Previous	High/Low
Mar	18.12	17.86	18.16 17.95
Apr	17.85	17.74	18.00 17.86
May	17.85	17.80	17.90 17.80
Jun	17.81	17.88	17.88 17.73
Jul	17.80	17.86	17.82 17.70
IPE Index	18.01	17.80	

Turnover 19320 (20418)

GAS OIL – IPE $/tonne

	Latest	Previous	High/Low
Feb	176.25	171.25	176.25 172.25
Mar	172.25	169.25	172.50 169.50
Apr	169.00	165.75	168.50 167.00
May	165.25	163.75	166.00 164.50
Jun	165.00	164.00	165.75 164.50
Jul	166.25	166.00	166.50 165.00
Aug	168.50	168.00	168.50 167.25
Sep	170.50	170.00	170.00 170.00
Oct	172.25	172.00	172.25 171.00

Turnover 14241 (16824) lots of 100 tonnes

SPICES

Grenada has finally decreased the official minimum export prices for nutmegs, reports Man-producten. Suns (abcd) from US$5,500 to $3,000 fob. Indonesia offering same quality (abcd) at $1,850 cif cbp, defectives bwp from $1,500 to $1,050 fob. East Indian $685 cnf cbp. So far buyers are not getting excited. Cassia – unchanged. Pimento – Mexico, Guatemala, Honduras sold out until new crop in July/Aug. Further price-increase by Jamaica marketing board can be expected. Cloves: Brazil expecting crop of 3,000 tonnes and offering as low as $1,000 fob. Madagascar traded for Feb/March at $1,450 cif cbp.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Mar	734	731	734 727
May	759	757	761 753
Jul	785	784	786 782
Sep	808	805	810 804
Dec	839	836	841 836
Mar	869	866	871 866
May	887	889	891 884
Jul	906	906	910 906
Sep	924	929	926 923
Dec	946		951

Turnover: 4098 (4583) lots of 10 tonnes. ICCO indicator prices (SDRs per tonne). Daily price for Jan.23 905.35 (907.18) 10 day average for Jan.24 911.61 (909.48)

COFFEE – London FOX $/tonne

	Close	Previous	High/Low
Jan	1004	1005	995 990
Mar	994	998	1000 984
May	980	983	984 975
Jul	996	1010	1002 995
Sep	1013	1023	1016 1011
Nov	1031	1039	1032 1027
Jan	1047	1055	1047 1042

Turnover:2667 (2667) lots of 5 tonnes. ICO indicator prices (US cents per pound) for Jan. 21: Comp. daily 81.02 (81.02) 15 day average 82.09 (82.11). Sterling close January £566, March £566

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Apr	119.8	117.6	119.8 118.0
May	139.5	137.2	139.5 138.5

Turnover 119 (135) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Feb	129.50		129.50
Apr	128.50	128.50	128.50

Turnover 85 (25) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Jan	1495	1497	1505 1490
Feb	1520	1510	1527 1512
Mar	1545	1530	1550 1540
Apr	1545	1546	1551 1540
BFI	1502	1516	1502

Turnover 568 (888)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Mar	127.60	127.10	127.65 127.25
May	131.20	130.70	131.25 131.00
Jun	133.00	132.50	133.00
Sep	112.15	111.75	112.15 112.00
Jan	119.50		119.50
Barley	**Close**	**Previous**	**High/Low**
Mar	119.50		119.55 119.50

Turnover: Wheat 222 (349), Barley 45 (2). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Feb	115.0	113.3	115.0 114.0
Mar	115.0	113.5	115.0 114.8
Apr	114.5	113.4	115.0 114.6
May	115.0	113.3	115.0 114.5
Jun	115.0	113.0	114.2 114.0
Jul	110.5	110.0	111.0
Aug	107.5	107.5	107.5
Sep	108.0		107.5

Turnover 91 (196)lots of 3,250 kg

[illegible] – London FOX

	Close	Prev	High	Low	Vol
Indx	136 66	135.04			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 45,996 lots	
Cash	1249-50	1235.5-6.5		1254-55		
3 months	1272.5-73	1258-59	1278/1245	1270-70.5	1266-67	129,488 lots
Copper, Grade A (£ per tonne)					Total daily turnover 21,675 lots	
Cash	1193.5-94.5	1211.5-12.5	1208/1204.5	1205-5.5		
3 months	1220-21	1236-37	1239.5/1219	1231.5-32	1219-20	115,883 lots
Lead (£ per tonne)					Total daily turnover 2,278 lots	
Cash	281.5-82.5	281.5-2.5		282.5-83		
3 months	293-94	293-3.5	294.5/295	294-94.5	294-95	16,376 lots
Nickel ($ per tonne)					Total daily turnover 4,919 lots	
Cash	7860-70	7905-95		7900-10		
3 months	7930-35	7950-60	8020/7900	7970-80	7940-45	20,879 lots
Tin ($ per tonne)					Total daily turnover 1,052 lots	
Cash	5440-50	5475-80	5440/5435	5440-45		
3 months	5505-10	5535-40	5520/5500	5495-500	5505-10	5,023 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 10,159 lots	
Cash	1182-83	1180-85	1179/1177	1176.5-77		
3 months	1165-66	1175-76	1167/1161	1161-62	1162-63	43,134 lots

LME Closing £/$ rate: SPOT: 1.8035 3 months: 1.7793 6 months: 1.7573 9 months: 1.7340

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	354.40-354.90	
Opening	354.60-355.00	
Morning fix	354.50	199.023
Afternoon fix	354.15	198.844
Day's high	355.10-355.40	
Day's low	352.20-352.50	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.29	6 months	3.29
2 months	3.29	12 months	3.29
3 months	3.29		

Silver fix	p/fine oz	US cts equiv
Spot	235.90	420.00
3 months	242.00	424.55
6 months	247.85	428.50
12 months	259.35	438.15

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	353.25-354.25	198.50-199.00
Maple leaf	364.00-365.00	204.25-204.75
New Sovereign	86.25-87.25	48.50-49.00

TRADED OPTIONS

Coffee	Mar	Mar
500	87	1
550	25	9
600	5	39

Cocoa	Mar	May	Mar	May
700	40		6	
725	24	53	15	18
750	13	38	29	29

Brent Crude	Mar	Apr	Mar	Apr
1700		65	9	
1750		47	15	
1800	41	29	29	75

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Jan	354.4	354.5	0	0
Feb	354.7	354.9	355.5	352.2
Mar	355.6	355.8	355.5	353.5
Apr	356.7	356.9	357.5	354.0
Jun	358.8	359.0	359.5	358.2
Aug	361.0	361.2	0	0
Oct	363.2	363.3	0	0
Dec	365.5	365.8	366.0	363.8
Feb	367.8	367.9	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Jan	340.6	344.2	0	0
Apr	346.5	344.2	347.0	340.0
Jul	348.5	344.2	348.0	342.0
Oct	349.5	347.5	349.0	346.0
Jan	350.0	348.2	347.0	347.0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Jan	414.7	420.7	416.0	416.0
Feb	414.7	420.9	0	0
Mar	415.3	422.5	420.0	411.0
May	419.4	425.6	423.0	414.5
Jul	422.6	428.6	427.0	418.5
Sep	426.0	432.2	428.0	424.5
Dec	431.6	437.9	435.0	427.0
Jan	433.5	439.6	0	0
Mar	437.5	444.0	438.0	435.0
May	441.9	448.3	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Jan	96.45	96.30	96.60	96.40
Feb	96.60	96.80	96.70	96.30
Mar	96.90	97.00	99.30	96.75
Apr	96.85	97.10	97.10	97.10
May	96.80	97.20	99.00	97.10
Jun	96.80	97.30	97.30	97.30
Jul	96.95	97.40	99.20	97.40
Aug	99.05	97.45	0	0
Sep	99.10	97.50	0	0
Oct	99.10	97.50	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Mar	18.93	18.72	18.99	18.81
Apr	19.08	18.83	19.15	18.94
Jun	19.08	18.85	19.11	18.95
Jul	19.05	18.84	19.10	18.95
Sep	19.01	18.84	19.08	18.92
Oct	19.00	18.85	19.01	19.00
Dec	19.04	18.89	19.08	19.00

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Feb	5455	5316	5465	5345
Mar	5460	5327	5470	5350
Apr	5345	5240	5350	5260
May	5240	5154	5250	5200
Jun	5195	5120	5210	5175
Jul	5210	5127	5210	5180
Aug	5280	5207	5280	5255
Sep	5420	5337	5420	5390
Nov	5590	5537	5590	5590

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1206	1190	1215	1175
May	1244	1227	1252	1212
Jul	1261	1265	1267	1250
Sep	1306	1292	1310	1296
Dec	1346	1331	0	0
Mar	1385	1366	0	0
May	1409	1389	0	0
Jul	1426	1409	1416	1416
Sep	1455	1439	0	0
Dec	1486	1469	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	75.70	76.10	76.40	75.40
May	78.55	79.00	79.20	78.25
Jul	81.20	81.60	81.80	81.00
Sep	84.00	84.25	84.50	83.60
Dec	87.65	87.80	88.00	87.00
Mar	90.65	90.80	90.50	90.00
May	93.00	93.05	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.63	8.63	8.72	8.56
May	8.64	8.65	8.72	8.57
Jul	8.65	8.66	8.71	8.60
Oct	8.68	8.74	8.76	8.63
Mar	8.67	8.77	8.73	8.66
May	8.60	8.70	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Mar	55.60	56.41	56.41	55.45
May	57.20	58.10	58.00	57.15
Jul	58.67	59.45	59.29	58.50
Oct	61.05	61.53	61.36	61.01
Dec	61.76	62.15	62.15	61.75
Mar	63.45	63.74	63.70	63.45
May	64.12	64.45	0	0
Jul	64.82	65.00	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	141.05	144.65	143.00	140.50
May	141.85	144.45	142.95	140.60
Jul	141.75	144.60	143.00	141.00
Sep	139.75	142.70	141.50	140.00
Nov	130.25	132.80	132.50	130.25
Jan	146.05	150.15	149.00	146.50
Mar	129.05	130.10	129.10	129.05
May	129.05	130.10	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Jan.24	Jan.23	mnth ago	yr ago
1602.8	1604.0	1592.3	1683.2

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan.23	Jan.22	mnth ago	yr ago
Spot	115.05	115.24	112.23	121.27
Futures	120.37	123.20	115.05	124.69

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	581/4	572/6	582/0	570/4
May	588/2	580/6	589/0	577/4
Jul	595/4	589/2	597/0	586/0
Aug	599/4	593/6	599/4	589/4
Sep	602/2	595/6	603/4	592/4
Nov	609/6	602/6	610/4	599/2
Jan	618/4	612/0	619/4	616/0
Mar	626/0	621/4	628/0	618/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	19.54	19.32	19.58	19.28
May	19.82	19.61	19.86	19.57
Jul	20.10	19.91	20.17	19.87
Aug	20.28	20.09	20.32	20.05
Sep	20.37	20.20	20.40	20.15
Oct	20.45	20.30	20.55	20.38
Dec	20.77	20.60	20.82	20.55
Jan	20.75	20.65	0	0
Mar	20.85	20.80	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	178.4	176.0	178.5	179.1
May	179.4	176.7	179.5	176.1
Jul	180.7	178.8	180.8	177.9
Aug	181.4	179.6	181.4	176.7
Sep	182.0	180.3	182.0	179.9
Oct	195.8	194.6	195.8	193.8
Dec	197.7	196.0	198.0	195.0
Mar	200.5	199.0	0	0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	263/6	261/0	264/0	260/2
May	270/0	267/2	270/0	266/4
Jul	274/4	271/6	274/6	270/6
Sep	271/2	267/4	271/4	267/4
Dec	267/6	264/4	267/6	264/0
Mar	274/0	271/2	274/0	270/4
May	278/6	276/0	278/6	277/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	437/2	437/4	440/4	[illegible]
May	417/2	417/0	424/0	412/0
Jul	386/2	386/4	387/4	380/4
Sep	389/6	390/0	390/4	384/0
Dec	399/2	399/0	399/0	394/0
Mar	399/4	397/4	400/0	[illegible]

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Feb	75.07	75.10	75.20	74.72
Apr	76.12	76.22	76.32	75.88
Jun	71.52	71.30	71.70	71.10
Aug	68.22	68.20	68.40	68.00
Oct	68.67	68.72	68.95	68.50
Dec	69.55	69.40	69.80	69.30
Feb	69.40	69.45	69.40	68.95

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Feb	40.92	41.25	41.55	40.80
Apr	40.12	40.40	40.50	39.97
Jun	43.70	43.92	44.10	43.62
Jul	44.27	44.25	44.40	43.95
Aug	42.72	42.77	42.80	42.60
Oct	40.35	40.42	40.55	40.15
Dec	43.07	43.05	43.40	43.05
Feb	44.70	44.70	44.70	44.65

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	33.40	34.27	34.50	32.85
Mar	33.65	34.67	34.95	33.30
May	34.92	35.85	35.97	34.30
Jul	35.02	36.42	36.80	35.25
Aug	34.10	35.32	35.90	34.07

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar hit by intervention fears

THE DOLLAR strengthened yesterday on the foreign exchange markets until fears of central bank intervention ahead of this weekend's Group of Seven meeting caused late selling, *writes Simon London.*

It retained a firm tone through Far Eastern and European trading, although fears of central bank intervention capped any potential rise.

The dollar closed at Y123.85 and DM1.6065 on Thursday in New York, having rallied from European closing levels.

Overnight in Tokyo, the firm tone continued, with the US currency breaking through resistance at Y124.45, which had marked the high point in New York.

Analysts said the dollar had been helped against the yen by another bout of weakness on the Tokyo stock market, which dented confidence in the Japanese currency. The Nikkei stock market index closed down 500 points on the day.

By the close in Tokyo, the US currency stood at Y124.57. Against the D-Mark it was slightly weaker, closing at DM1.6105, just below the position in New York.

From early highs, the US currency drifted off slightly in European trading but maintained a basically firm tone. The dollar peaked at DM1.6140 and Y124.65 early in the session, but drifted sideways for most of the day in the absence of economic data or policy statements to drive trading.

However, in late afternoon in London, rumours that the US authorities were preparing to intervene to cap the dollar against the D-Mark caused a rapid sell-off.

The dollar fell to DM1.5750, from around DM1.61 before the rumours were circulated, before finding support.

As with other recent bouts of dollar volatility, the decline was accelerated as stop-loss trading orders were triggered.

Against the yen the decline was less dramatic. The US currency fell to Y123.10 from around Y124.

By the close in London there had been no intervention and the US currency had recovered some of the lost ground. At the finish the dollar stood at DM1.5875, from DM1.5950 on Thursday; Y123.30 from Y123.8; and £1.8055 from £1.7960.

Within the European monetary system, the D-Mark gained ground during the morning, reversing the recent trend. However, the slight rally was not carried through and the German currency fell back in the afternoon.

Analysts said concerns over industrial action in several sectors of the German economy, particularly steel and banking – continued to undermine confidence in the D-Mark.

Sterling was slightly softer as the D-Mark gained but remained comfortably within its permitted range. The UK currency closed unchanged at DM2.8650.

£ IN NEW YORK

Jan 24	Latest	Previous Close
£ Spot	1.8070-1.8080	1.7845-1.7855
1 month	[illegible]	1.00-0.99pm
3 months	[illegible]	2.81-2.79pm
12 months	9.37-9.27pm	[illegible]

Forward premiums and discounts apply to the US dollar

STERLING INDEX

CURRENCY MOVEMENTS

CURRENCY RATES

OTHER CURRENCIES

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 24	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.037	-3.44	5.79	[illegible]
Belgian Franc	42.4032	42.0488	-0.84	3.02	[illegible]
Dutch Guilder	2.31643	2.29900	-0.75	2.93	[illegible]
D-Mark	2.05586	2.04139	-0.70	2.88	[illegible]
Irish Punt	0.767417	0.765783	-0.21	2.37	[illegible]
Italian Lira	1538.24	1536.93	-0.09	2.24	[illegible]
French Franc	6.89509	6.96084	0.95	1.19	[illegible]
Danish Krone	7.84195	7.91707	0.96	1.19	[illegible]

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

EURO-CURRENCY INTEREST RATES

Jan 24	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Jan.24	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.806	2.865	222.5	9.773	2.540	3.228	2158.	2.106	59.45	1.403
$	0.554	1	1.586	123.2	5.411	1.406	1.787	1195	1.166	32.92	0.777
DM	0.349	0.630	1	77.66	3.411	0.887	1.127	753.2	0.735	20.75	0.490
YEN	4.494	8.117	12.88	1000.	43.92	11.42	14.51	9699	9.465	267.2	6.306
F Fr.	1.023	1.848	2.932	227.7	10.	2.599	3.303	2208	2.155	60.83	1.436
S Fr.	0.394	0.711	1.128	87.60	3.848	1	1.271	849.6	0.829	23.41	0.552
N Fl.	0.310	0.559	0.888	68.93	3.028	0.787	1	668.5	0.652	18.42	0.435
Lira	0.463	0.837	1.328	103.2	4.529	1.177	1.496	1000.	0.976	27.55	0.650
C$	0.475	0.858	1.360	105.7	4.641	1.206	1.533	1025	1	28.23	0.666
B Fr.	1.682	3.038	4.819	374.3	16.44	4.272	5.430	3630	3.542	100.	2.360
Ecu	0.713	1.287	2.042	158.6	6.966	1.810	2.301	1538	1.501	42.37	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.8055	1.7957	1.7779	1.7537	1.7134
D-mark	2.8650	2.8628	2.8592	2.8547	2.8437
French Fr.	9.7725	9.7690	9.7644	9.7566	9.7297
Swiss Fr.	2.5400	2.5336	2.5234	2.5058	2.4757
Yen	222.50	221.51	219.99	216.70	211.41

FINANCIAL FUTURES AND OPTIONS

LONDON (LIFFE)

CHICAGO

PARIS

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	March	Calls June	September	March	Puts June	September
106	2.72	-	-	0.05	0.16	-
107	1.81	-	-	0.12	0.29	-
108	0.99	[illegible]	-	0.32	0.58	-
109	0.43	1.57	-	0.75	[illegible]	-
110	0.15	1.05	-	-	1.21	-
111	0.04	0.65	-	-	-	-
112	-	0.37	-	-	-	-
113	-	0.22	-	-	-	-
Open Int.	125,458	40,178	4,807	105,628	30,093	250

Estimated volume 23,301 Total Open Interest 386,434

MONEY MARKETS

UK rates close level

UK money rates were steady yesterday as sterling remained firm within the European monetary system and the drain of tax payments from the market decreased, *writes Simon London.*

The Bank of England forecast a shortage of £950m funds early in the day. The main component contributing to the shortage was £735m in maturing treasury bills and repurchase arrangements from earlier days. Exchequer transactions, mostly comprising tax payments, drained £225m from the market, a lower level than seen earlier in the week.

The Bank was able to inject a chunky £724m in early operations, puchasing outright £139m band 1 bills and opening a new date for repurchase funds. It bought £585m paper for resale to the market on February 12 and 13 at 10½ per cent.

This was sufficient to remove any pressure for higher overnight rates, which fell back from 11 per cent on Thursday to 10 - 9¾ per cent by mid morning.

In the afternoon session, just £10m band 1 bills were purchase before late assistance of £185 mopped up the remaining shortage of funds.

The overnight money rate closed at 11 - 10¾ per cent; one-month interbank funds closed unchanged at 10¾ - ⅝ per cent; three-month interbank funds at 10½ - ⅜ per cent.

In Frankfurt money market rates edged higher as operators anticipated a squeeze in liquidity conditions next week as pension fund payments drain funds from the market.

Anticipating this, the Bundesbank yesterday injected "section 17" funds into the market, transfering deposits held for the public sector into the commercial market.

Call money was mostly traded at 9.45/55 per cent, from the 9.40/50 per cent level which has prevailed all week.

The Bank of Japan kept liquidity conditions tight in Tokyo, despite another heavy fall by Japanese equity prices. The Nikkei stock market index fell by 500 points, matching the scale of declines which led to a fractional easing on money market conditions by the authorities earlier in the week.

Faced with an estimated Y290bn liquidity shortage, later revised down to Y130bn, the Bank of Japan injected only Y100bn funds. As institutions scrambled for funding, call money interest rates were squeezed up ⅛ of a point to 5¹⁵⁄₁₆ per cent.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

MONEY RATES

LONDON MONEY RATES

BANK RETURN

BANKING DEPARTMENT	Wednesday January 22 1992	Increase or decrease for week
LIABILITIES	£	£
Capital	14,553,000	
Public Deposits	128,845,128	+ 23,552,084
Bankers Deposits	1,651,265,094	- 105,847,432
Reserve and other Accounts	3,370,397,529	+ 98,721,122
	5,165,060,748	+ 16,425,754
ASSETS		
Government Securities	1,343,[illegible]	- 71,840,001
Advance and other Accounts	2,437,539,497	+ 282,928,824
Premises Equipment & other Secs	1,378,909,578	- 168,074,474
Notes	4,362,995	- 6,557,733
Coin	282,153	- 30,882
	5,165,060,748	+ 16,425,754
ISSUE DEPARTMENT		
LIABILITIES		
Notes in circulation	15,565,637,005	- 193,442,267
Notes in Banking Department	4,362,995	- 6,557,733
	15,570,000,000	- 200,000,000
ASSETS		
Government Debt	11,015,100	
Other Government Securities	6,682,147,816	- 1,471,472,920
Other Securities	8,876,837,084	+ 1,271,472,920
	15,570,000,000	- 200,000,000

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Duncan Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	[illegible]	11
[illegible]	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc.	14	[illegible] Bank Ltd.	11.5

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

Clydesdale Bank PLC

NOTES – Gross: Contractual rate of interest taxable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

EDUCATIONAL

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

British Funds, etc
No. of bargains included 1830

Corporation and County Stocks

UK Public Boards

Foreign Stocks, Bonds, etc-(coupons payable in London)

Building Societies
No. of bargains included 31

Registered Housing Associations

Commercial, Industrial, etc

Sterling Issues by Overseas Borrowers

Banks and Discount Companies

Breweries and Distilleries

Electricity

Financial Trusts, Land, etc

Mines - Miscellaneous

Mines - South African

Oil

Property

Insurance

Investment Trusts

Plantations

Railways

Shipping

Utilities

Water

Miscellaneous Warrants

USM Appendix

Rule 535(2)

Westabix Ld"A" Non.V Ord 25p - £9.2♦

Yorkdale Holdings PLC Ord £1 - £0.0966 (21Ja92)

RULE 535 (4) (a)

Bargains marked in securities where principle market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Aust. Foundation Inv A$2.08 (22/1)
City Developments S$4.26 (20/1)
Community Psychiatric Centers $13.25
Dainippon Screen Manufacturing Y1137 07
Harland (John H) Co $24.325♦ (20/1)
Idaho Power Co $28.875♦
Keystone International $29 93♦ (20/1)
Killinghall Tin (Malaysia) Berhad Ord M$1.4257 (22/1)
Koala Sidim Rubber 23 (20/1)
Kulim Malaysia Ord 32♦ (21/1)
Malayan Cement M$3.96 (20/1)
Malaysian Plantations 10♦
National Electronics Hldgs 2 (22/1)
North Flinders Mines A$3.95 (17/1)
Oil Search 29
Palabora Mining $22.5 (22/1)
Regal Hotels (Hldgs) 2♦ (22/1)
Samantha Hldgs Berhad 31 (17/1)
Storer Communications Sk269.13 (22/1)
Terrex Resources 5.5 (20/1)
United Overseas Land S$1.778 (22/1)

By Permission of the Stock Exchange Council

LONDON STOCK EXCHANGE

Equities lose ground as account ends

By Steve Thompson

WORRIES that Lonrho's dividend-cutting exercise could initiate a domino-effect among some of the UK's most important companies over coming months prompted another widespread decline in the equity market as the two-week trading account ended.

The FT-SE 100-share index, under pressure for much of the week, succumbed to periodic bouts of selling pressure yesterday, which affected a generally unwilling market, and closed 14.9 points lower at 2,510.4. At its worst yesterday, within an hour of the start of trading, the index was substantially below the 2,500-mark, *touching 2,493.2 or down 32.1.* The index's best showing was recorded in mid-afternoon when it showed a decline of 9.6 at 2,515.7.

Account Dealing Dates		
*First Dealings:		
Jan 13	Jan 27	Feb 10
Option Declarations:		
Jan 23	Feb 6	Feb 20
Last Dealings:		
Jan 24	Feb 7	Feb 21
Account Day:		
Feb 3	Feb 17	Mar 2

*New-time dealings may take place from 8.30 am two business days earlier.

At the outset of trading, all eyes in the market were glued to the Lonrho page on the Seaq trading screens as the international trading group's shares, battered during late unofficial trading on Thursday night, fell to 107p minutes after trading commenced, compared with *the previous session's official* closing level of 164p. Turnover in Lonrho topped 32m shares and easily outstripped that of any other stock in the market.

Thereafter, the market slowly regained some of its lost composure. Senior marketmakers, expecting a wave of selling after the Lonrho dividend cut, were surprised at the relatively light weight of actual selling pressure at the outset but reported another late flurry of selling as the market closed. This followed a statement from the US authorities about potential bank failures which was said to have upset Wall Street as London closed. There were also suggestions around the market, that the weekend Press will include at least one opinion poll favouring Labour.

During the week, the Footsie *has fallen just over 26 points.* Specialists attribute much of the decline in London to the weakness of international markets. Wall Street has fallen in excess of 20 points over the same period while Tokyo has lost substantial ground.

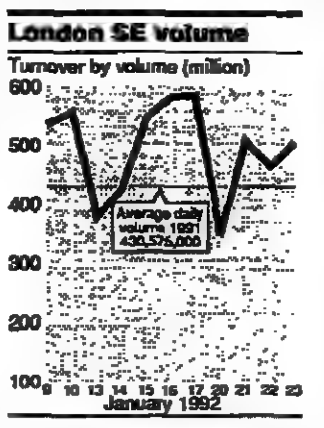
Market turnover, yesterday, reached 614.6m shares, well ahead of Thursday's 573.4m and Wednesday's 515.6m and only a fraction below Tuesday's programme-trade-inflated 615.4m.

News that the Trade and Industry Secretary, Mr Peter Lilley, had asked the European Commission for permission to refer the Steetley/Tarmac joint venture in building materials to the Monopolies and Mergers prompted a slide in both share prices and fears that Redland's full bid may also be referred.

Among other big movers in the Footsie, British Aerospace took another pasting in response to a broker downgrade.

● Retail, or strictly customer business in equity markets this week picked up after a very slow start responding to heavy programme trading.

London SE volume



DTI move knocks Steetley

A DECISION by the Department of Trade and Industry (DTI) to refer the proposed Steetley and Tarmac joint venture to the EC, and ultimately the Monopolies and Mergers Commission, sent shares in the two builders tumbling.

The venture would create a company with around 13 per cent of the brick market and is seen by many observers as a necessary move in an overcrowded sector. Steetley lost 37 to 369p in heavy volume of 5m, while Tarmac slipped 5 to 118p with 4.4m traded. Many analysts said the DTI move would spell the end of Redland's bid for Steetley, which if successful would create a group with a 26 per cent share of the brick market. However, Redland would probably make a fresh bid should the MMC rule in favour of the joint-venture. Redland fell 5 to 465p.

Mr Terry Murray at James Capel said: "This is bad news for Tarmac and Steetley. They both wanted to get their brick business sorted out. Without this joint-venture, some parts may have to be closed down."

Tesco switch

Supermarket group Tesco was up on a securities house recommendation and a bullish presentation. The shares firmed 7½ to 240½p.

Panmure Gordon changed its recommendation to a buy from a sell after a visit to the company on Thursday, and switched its stance on the sector to overweight from neutral. Analyst Mr Michael Bourke cited falling capital expenditure projections as the main reason for the change.

Observers said the shares were also helped by a positive presentation to institutions by J.Sainsbury after the market closed on Thursday. *Analysts* said the presentation covered the whole sector, and as Tesco is the cheaper of the quality stocks it was the first to benefit. Sainsbury held firm at 356p.

Lonrho falls

International trading group Lonrho opened steeply lower yesterday after marketmakers slashed their prices on consideration of the company's results, announced after the market closed on Thursday.

When trading began the shares were quoted at 108p, down 55 on the previous day's close. They saw furious turnover at that level with investors bailing in response to the much lower-than-expected annual profits, a dividend cut and others seizing a buying *opportunity. By the end of the* day they had recovered to close 43 off at 120p with 32m traded, the highest turnover since September 1989. The shares quoted in South Africa also fell sharply and Lonrho was the most actively dealt stock in the traded options market.

The recent uptick in British Airways was sharply reversed, after Kleinwort Benson told clients to "top-slice" the stock which, they said, had run too far too quickly.

Airways ended the session 7 lower at 244p on keen turnover of 3.5m. There were also hints of a possible downgrade from one of the influential US investment houses.

Guardian Royal Exchange dipped 3 to 123p, after Smith New Court recommended selling the shares in its recent analysis of the insurance composites sector. Fears of a dividend cut and the weak state of the company's general and life operations continue to hit the share price in a generally depressed sector, ahead of the final figures in March.

Banking shares showed mixed changes in the run up to next month's results from the big four clearing banks. Barclays fell 1 to 381p and Midland lost 4 to 221p, but Lloyds gained 4 to 398p while National Westminster rose 2 to 286p.

Panmure Gordon's analysis of the banking sector tends to agree with the recent review from Shearson Lehman Brothers, suggesting that NatWest is the most attractive buy among the major UK banks. This reflects fading fears that NatWest will cut its dividend, despite the fact that it may be uncovered on the latest profits forecast.

Brewer Bass fell 7 to 1061p in response to a downgrade from Smith New Court. The house cut the estimate for this year by £37m to £560m. The move followed news at the Bass annual meeting on Thursday that there had been a deterioration in its trading mix and that reorganisation costs would be higher than expected.

Northern Foods rose 14 to 551p on slim turnover after securities house County NatWest recommended a switch out of Ranks Hovis McDougall. Ranks recovered 3 to 218p after falling 14 on Thursday in response to a company profit warning, saying current trading, particularly in the bread industry and in the US, continues to be very difficult. County cut its forecast on Ranks for the year to August 1992 by £31m to £113.

A securities house forecast cut hit Tate & Lyle and prompted the shares to tumble *12 to 418p. Mr Carl Short of* Nomura cut his estimate for this year by £9m to 245m and for next year by £13m to £275m. The figures are at the lower end of analysts' forecasts. He has also adopted a more bearish stance and is now advising clients to take profits.

A cut in the dividend forecast for BAe sent the shares tumbling underlining their volatile reputation.

They also suffered after reflection on Thursday's speculation over the possibility of a bidder emerging before the general election.

Broker UBS Phillips & Drew slashed its dividend forecast by half to 12p, analyst Mr Paul Compton worrying about the level of debt and the absence of a finance director among other things. The shares fell 15 to 380p.

Lack of news on the possibility of Vickers sale of its Rolls-Royce subsidiary took 3 off Vickers at 178p. Rolls fell 3 to 136p.

Ramifications of Vickers losing the Type 23 frigate order left the ship-yards owner 23 off at 408p.

Lonrho's statement on weak *platinum prices hit Johnson* Matthey, down 10 at 335p.

A forecast downgrade by Charterhouse left BAA 15 off at 541p in moderate turnover of 1.6m. The size of the fall perplexed some analysts as the Charterhouse move – slicing £20m off its current-year forecast to £200m – simply brought it into line with other brokers.

Another heavy day's trading in Queens Moat saw 5.8m shares traded as a succession of recent buy notes improved sentiment over the stock. The shares faded to close a halfpenny stronger at 78p.

Holiday group Airtours continued strong on the news of its buoyant holiday bookings, adding 12 to 915p. Owners Abroad, however, was hit by profit-taking and fell 1½ to 105½p.

Two cash calls left the market cold. Hi-Tec lost 3 to 179p after it £10.3m rights issue, while Wembley slipped 3½ to 33½p after its £37.3m call.

City Site's results were in line with market expectations but the dividend cut was not and the shares lost 13 to 65p.

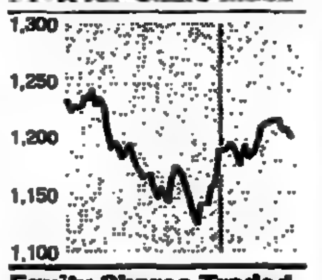
Macarthy gained 12 to 293p on further consideration of results announced on Thursday and hopes that the MMC will clear proposed bids by Lloyds Chemists and UniChem.

Photocopier supplies company Eurocopy lost recent gains and fell 17½ to 82½, after the full-year figures.

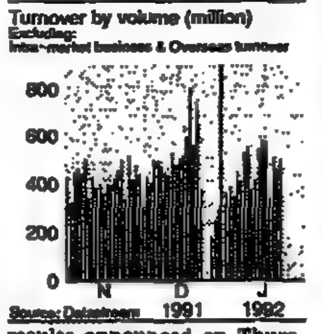
MARKET REPORTERS:
Peter John, Colin Millham
Christopher Price,
Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 10.

FT-A All-Share Index



Equity Shares Traded



Source: Datastream

NEW HIGHS AND LOWS FOR 1991/92

NEW HIGHS (60).

BRITISH FUNDS (11) Tr. 3pc IL 1992, Tr. 8¼pc 1992, Fd. 6pc 1993, Tr. 8¾pc 1994, Tr. 9pc 1994, Tr. 6¾pc 1997, Tr. 2pc IL 1996, Tr. 2½pc IL 2001, Tr. 2½pc IL 2003, Tr. 2pc IL 2006, Tr. 2½pc IL 2009, AMERICANS (2) Dest, Honeywell, Ingersoll-Rand, BANKS (1) HSBC, BREWERS & DISTILLERS (1) Young Brewery N/V, BUSINESS SERVICES (1) Barbour Index, CHEMICALS (1) Yorkshire, CONGLOMERATES (1) Jardine Hldgs., ELECTRICALS (2) Chemring Cv Prf., China Light, Hawker Siddeley, ELECTRONICS (3) Elect. Data Proc., Farnell, Telemetrix, ENGINEERING GENERAL (1) [illegible], FOOD MANUFACTURING (1) Salvesen (Ch), FOOD RETAILING (2) [illegible], Iceland Frozen, Park, HEALTH & HOUSEHOLD (2) Medeva, Smith & Nephew, HOTELS & LEISURE (2) Photo-Me, Tanjong, INVESTMENT TRUSTS (8) Fleming Intl. High Zero Prf., General Cons. Stppd. Prf., Kleinwort High Inc. Zero Prf., TR Technology Zero Prf., Templeton Emrg. Mkts., Do. Wrnts., MEDIA (8) Carlton Comms., Central ITV, Grampian TVA, LWT 3.9375p Cnv. Prfd., Scottish TV, Ulster TV, MISCELLANEOUS (2) Fil, Lambert Howarth, Le Creuset, MOTORS (1) Volvo B, OIL & GAS (1) Sidlaw, OTHER FINANCIAL (3) Baring Chrysalis Fund Wrnts., Biotech Pg. Prf., Swire Pacific A, PACKAGING, PAPER & PRINTING (1) CNB Packaging, PROPERTY (1) HK Land, STORES (4) Boots, Liberty N/V, Lloyds Chemists, Next, TELEPHONE NETWORKS (1) Northern Telecom, TEXTILES (3) Campari Intl., Conrad Coat., Leeds, WATER (1) East Surrey.

NEW LOWS (38).

BUSINESS SERVICES (1) Corporate Servs., CONGLOMERATES (2) Lonrho, Porter Chadburn, Trafalgar House A, CONTRACTING & CONSTRUCTION (3) [illegible], Laing (J) A, ELECTRICALS (1) Wholesale Fittings, ELECTRONICS (1) [illegible], ENGINEERING GENERAL (6) Clayton Son, Jones & Shipman, MS Inst., [illegible] Prf., Renold, Williams Cv. Prf., FOOD MANUFACTURING (3) Acatos & Hutcheson, Linton Park, RHM, FOOD RETAILING (1) Ashley, HOTELS & LEISURE (3) Kunick, Wembley, Whitegate Lsis., INVESTMENT TRUSTS (7) Contra-Cyclical Cap., Gartmore Scotland, Gartmore Value, I & S UK Smllr. Co's, Wrnts., Melville Street, North Amer. Gas, Do. Wrnts., MEDIA (3) Harrington Kilbride, Southern Radio, TV-am, MERCHANT BANKS (1) Kleinwort Benson, METAL & METAL FORMING (1) [illegible], MISCELLANEOUS (2) Aberfoyle, RPS, OIL & GAS (4) Edinburgh Oil, Gt. Western Res. Class A, Hardy Oil, Sceptre Res., OTHER FINANCIAL (1) Cater Allen, OTHER INDUSTRIAL MATERIALS (1) Allied Partnership, PROPERTY (11) [illegible] Ests., Chesterfield, City Site Ests., Debenham Tewson & C., Derwent Valley, Merivale Moore, Mountleigh 6.25pc Prf., [illegible], Ossory Ests., Rosehaugh, Waterglade 7.75pc Prf., STORES (1) Owen & Robinson, TEXTILES (1) [illegible], TRANSPORT (1) Jacob (J), MINES (1) Bougainville.

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	25	36	18	143	139	119
Other Fixed Interest	1	8	8	22	23	44
Commercial, Industrial	200	371	911	1,168	1,508	4,750
Financial & Property	82	224	487	506	765	2,696
Oil & Gas	10	33	48	84	120	251
Plantations	0	0	9	2	1	42
Mines	12	48	92	120	207	433
Others	47	47	37	181	298	189
Totals	377	767	1,610	2,226	3,061	8,524

FINANCIAL TIMES STOCK INDICES

	Jan 24	Jan 23	Jan 22	Jan 21	Jan 20	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	87.70	87.74	87.70	87.88	87.92	84.04	87.94 (18/9/91)	82.17 (2/1/91)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.87	99.91	100.00	100.14	100.08	91.87	100.14 (21/1/92)	90.59 (2/1/91)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1944.9	1963.5	1981.8	1974.1	1971.9	1680.0	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	152.6	154.6	156.3	160.6	158.2	140.7	222.8 (11/7/91)	127.0 (22/2/91)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2510.4	2525.3	2522.0	2543.4	2544.9	2118.0	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200 ‡	1164.15	1166.67	1168.04	1172.39	1169.41	974.76	1196.60 (3/9/91)	938.62 (16/1/91)	1196.60 (3/9/91)	938.62 (16/1/91)
● Ord. Div. Yield	4.70	4.67	4.68	4.65	4.66	5.77				
● Earning Yld %(full)	7.05	7.00	7.02	6.98	6.99	12.03				
● P/E Ratio(Net)(*)	17.83	17.96	17.91	18.02	17.98	10.05				
SEAQ Bargains 4.45pm	33,312	28,215	27,489	29,816	30,102	24,834				
Equity Turnover(£m)†	-	980.3	1,058.8	1,118.5	779.9	698.92				
Equity Bargains†	-	28,747	26,588	29,163	30,408	24,632				
Shares Traded (ml)†	-	503.1	464.2	510.0	348.9	352.0				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928 Ordinary 1/7/35, Gold mines 12/9/55 Basis 1000 FT-SE 100 31/12/83 ‡ FT-SE Eurotrack 200 26/10/90 = 1000 [illegible]

Ordinary Share Index, Hourly changes Day's High 1952.8 Day's Low 1939.5

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1946.8	1943.0	1948.1	1952.7	1950.0	1948.6	1946.9	1947.3	1943.4

FT-SE 100, Hourly changes Day's High 2515.7 Day's Low 2493.2

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2502.6	2497.9	2505.5	2514.2	2510.2	2509.3	2508.4	2514.8	2506.7

FT-SE Eurotrack 200, Hourly changes Day's High 1166.10 Day's Low 1160.47

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1161.10	1161.22	1163.57	1164.27	1163.28	1163.15	1164.85

GILT EDGED ACTIVITY

Indices*	Jan 23	Jan 22
Gilt Edged Bargains	89.2	79.0
5 – Day average	81.7	79.9

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover

London report and latest Share index Tel. 0891 123001 Calls charged at 36p/minute cheap rate 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	110	488	-7
[illegible] Group	10,000	34½	-½
Abbey National	1,700	289	+3
Albert Fisher	[illegible]	78	-1
Allied-Lyons	945	[illegible]	-6
Amstrad	1,200	26½	
Anglian Water	1,900	344	+1
Argos	639	288	-4
Argyll Group	5,200	298	+1
Arjo Wiggins	10,000	258	-1
Ass. Brit. Foods	263	408	-3
BAA	1,600	541	-15
BAT Inds.	2,400	687	
BET	4,300	171	-8
BICC	500	396	-19
BOC	650	612	-4
BPB Inds.	1,000	188	+2½
BTR	3,400	420	-9
Bank of Scotland	1,900	105	-2
Barclays	2,900	381	-1
Bass	1,700	1061	-7
Beresford Int.	3,200	18½	+1
Blue Circle	2,600	[illegible]	+6
Booker	472	430	-4
Boots	1,300	481	+6
Bowater	466	715	-7
Brit. Aerospace	2,800	380	-19
British Airways	4,900	244	-7
British Gas	5,500	246½	+1½
British Land	1,600	297	-2
BP	4,000	286	-3½
British Steel	3,300	76½	+2
British Telecom	4,700	318½	+1
Br. Telecom New	10,000	112¾	+1½
Bunzl	228	88	-1
Burmah Castrol	730	586	-3
Burton	8,800	39½	
Cable & Wire.	2,400	584	-11
Cadbury Schweppes	1,400	440	-4
Calor Group	22	384	-1
Carlton Comms	1,000	558	+12
Coats Viyella	382	178	-1
Comm. Union	1,500	450	-8

	Volume 000's	Closing Price	Day's change
Cookson	719	170	-2
Courtaulds	1,238	617	-1
Dalgety	1,200	360	-7
De La Rue	756	509	+3
Dixons	2,705	222	-3
ECC Group	326	478	-11
Eastern Elect.	542	219	+3
East Midland Elect.	407	243	-1
Enterprise Oil	752	446	-4
Eurotunnel Units	339	435	
FKI	211	57	
Ferranti	2,800	5	
Fisons	5,400	334½	-1½
Forte	1,600	223	-2
Gen. Accident	664	462	+5
General Elect.	6,700	199	+½
Glaxo	2,400	842	-13
Glynwed Int.	630	306	-6
Granada	2,800	178	+1
Grand Met.	2,300	947	-3
GUS A	217	1403	-13
GRE	3,200	124	-2
GKN	1,300	308	-13
Guinness	2,650	927	-1
Hammerson A	388	472	-2
Hanson	11,000	211½	-1
Hanson Warrants	1,720	22½	-½
Harrisons Crosfield	226	174	-3
Hawker Sidd.	7	600	+3
Hillsdown	1,300	197	
IMI	194	243	-1
ICI	1,100	1245	-5
Inchcape	1,000	418	-5
Kingfisher	881	509	+2
Ladbroke	1,400	216	-6
Land Securities	1,600	453	+3
Laporte	71	612	-1
Legal & General	387	358	-5
Lloyds Abbey	1,400	374	-6
Lloyds Bank	1,800	389	+4
LASMO	2,500	185	-7
London Elect.	177	243	+2
Lonrho	32,000	120	-43

	Volume 000's	Closing Price	Day's change
Lucas	596	114	-4
MB Caradon	430	260	-4
MEPC	685	381	
Manweb	507	237	-1
Marks & Spencer	2,800	231	-2
Midland Bank	2,100	220	-5
Midlands Elect.	183	254	
NFC	1,400	230	-7
NatWest Bank	3,400	287	+3
National Power	8,000	136	+2
Next	1,700	60	+1
North West Water	1,400	342	-1
Northern Elect.	230	248	
Northern Foods	413	551	+14
Norweb	784	269	
Pearson	214	780	-2
P & O	2,000	447	-9
Pilkington	1,700	130	-7
PowerGen	5,100	143½	+2
Prudential	1,400	228	-4
RHM	3,300	218	+3
RMC	564	567	-13
RTZ	2,000	519	-8
Racal	4,000	40½	
Rank Org.	702	629	-11
Reckitt & Colman	325	875	-8
Redland	1,700	465	-5
Reed Intl.	1,300	428	+6
Rentokil	290	380	+1
Reuters	847	1032	+8
Rolls Royce	5,800	136	-3
Rothmans	116	1075	-5
Ryl Bk Scotland	350	167	
Royal Insurance	3,000	238	-8
Saatchi	483	13½	
Sainsbury	3,300	356	
Scottish & New	1,100	427	-6½
Scot. Hydro-Elect.	4,300	103	+2
Scottish Power	7,300	97	+2
Sears	5,700	96	-1
Sedgwick	842	222	-2
Seeboard	75	249	+1
Severn Trent Water	1,200	320	

	Volume 000's	Closing Price	Day's change
Shell Transport	2,100	437	-4
Siebe	481	471	+1
Slough Ests	774	225	-6
Smith (W H) A	380	458	
Smith & Nephew	2,700	148½	+1
SmKl Beecham	905	683	-3
SmKl Beecham Uts	108	604	-4
Smiths Inds.	488	378	-3
Southern Elect.	146	250	+1
South Wales Elect.	11	319	-2
South West Water	584	325	+1
South West Elect.	430	255	
Southern Water	98	320	
Standard Chart.	577	410	+1
Storehouse	814	160	+1
Sun Alliance	1,000	294	+3
T&N	936	167	-1
TI Group	843	500	-7
TSB	4,100	130	+2
Tarmac	4,400	118	-5
Tate & Lyle	2,200	418	-12
Taylor Woodrow	1,100	127	-1
Tesco	8,100	240½	+7½
Thames Water	3,000	346	
Thorn EMI	548	[illegible]	
Tomkins	119	493	-4
Trafalgar House	2,100	129	-2
Ultramar	34	294	-1
Unigate	902	277	-2
Unilever	1,700	899	-6
United Biscuits	2,000	330½	-½
Utd. Newspapers	725	373	
Vodafone	1,300	348	
Warburg (SG)	178	545	+3
Wellcome	340	1072	-3
Welsh Water	354	355	-4
Wessex Water	148	372	+3
Whitbread A	887	471	
Williams Hldgs	435	371	-1
Wills Corroon	435	393	-1
Wimpey	444	117	-½
Yorkshire Elect.	775	207	
Yorkshire Water	217	301	-1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

TRADING in stock market futures was volatile yesterday as fears of Wall Street weakness failed to materialise and traders straightened their books on the last day of the account, writes Peter John.

The futures contract for March delivery opened at 2530, in response to overnight falls in New York equities. It was immediately marked down to around 2522 and reached its estimated fair value of 22 points over cash.

Then March picked up slowly throughout the day although each rally was sold down again on pessimism over Wall Street's opening. The gloom was misplaced and dealers trying to leave themselves short were caught in a bear squeeze which sent the contract up to a premium of almost 40 points against the underlying market. This compares with the new fair value estimate of 16 points from Monday. At the official close March was 2,551. It moved up further in after hours dealing.

On LTOM, turnover of just over 26,000 contracts was boosted by good two way business in Lonrho. Lonrho saw 4,895 contracts traded, equivalent to 4.9m shares, and volume was boosted by the introduction of a number of new option series. Roll-Royce was also active.

FT-A INDICES LEADERS AND LAGGARDS

Percentage changes since December 31 1991 based on Thursday January 23 1992

Gold Mines Index	+	10.36	Consumer Group	+	2.39
Electricals	+	9.10	Industrial Group	+	2.37
Other Industrial Materials	+	8.01	500 Share Index	+	1.80
Building Materials	+	5.98	*All-Share Index*	+	1.59
Engineering-General	+	6.83	Investment Trusts	+	1.39
Metals & Metal Forming	+	6.09	Electronics	+	1.23
Insurance Brokers	+	5.68	Banks	+	1.01
Capital Goods	+	5.52	Food Retailing	+	0.61
Brewers & Distillers	+	5.43	Other Groups	+	0.51
Packaging, Paper & Printing	+	5.22	Health & Household	+	0.51
Hotels & Leisure	+	4.83	*Financial Group*	+	0.10
Conglomerates	+	4.60	Business Services	+	0.01
Transport	+	4.23	Contracting, Construction	-	0.06
Media	+	4.11	Property	-	0.13
Motors	+	3.78	Food Manufacturing	-	0.98
Stores	+	3.75	Oil & Gas	-	2.26
Chemicals	+	3.66	Insurance (Composite)	-	2.54
Merchant Banks	+	3.56	Telephone Networks	-	2.92
Water	+	3.12	Insurance (Life)	-	3.91
Textiles	+	2.72	Electricity	-	4.65
Engineering-Aerospace	+	2.72			

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	111.9472	-0.674	10.06	9.94	9.51
BELGIUM		9.000	06/01	102.1000	-0.150	8.66	8.68	9.03
CANADA *		9.500	04/02	101.0500	-0.700	9.34	9.19	9.31
DENMARK		9.000	11/00	100.0500	-0.220	8.48	8.51	8.82
FRANCE	BTAN	8.500	11/96	99.2509	-0.115	8.66	8.72	9.23
	OAT	9.000	01/01	106.4900	-0.270	8.44	8.44	8.73
GERMANY		8.25	09/01	102.1700	-0.180	7.91	7.91	8.13
ITALY		13.000	09/01	98.8200	+0.110	12.21	12.27	12.82
JAPAN	No 119	4.800	06/99	96.1657	-0.194	5.53	5.61	5.91
	No 129	6.400	03/00	[illegible]	-0.095	5.23	5.34	5.66
NETHERLANDS		8.500	03/01	100.7500	-0.150	8.36	8.38	8.65
SPAIN		11.500	07/96	101.5500	+0.080	11.26	11.39	11.90
UK GILTS		10.000	11/96	101-16	-2/32	9.60	9.63	9.66
		10.000	02/01	102-31	-7/32	9.51	9.47	9.75
		9.000	10/08	96-01	-8/32	9.23	9.17	9.49
US TREASURY *		7.500	11/01	101-26	-1/32	7.24	7.10	6.86
		8.000	11/21	103-15	+9/32	7.70	7.68	7.53

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds., others in decimal. Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Base metals point way to recovery

METAL MARKET watchers are becoming increasingly, though still cautiously, optimistic that they may be seeing the early signs of economic recovery.

"Metal prices can broadly be used as barometers of the overall health of the resource sector," says Mr Nick Moore, analysts at Ord Minnett Research, in his latest weekly metal market report. "What we find time and again is that two metals in particular, aluminium and nickel, outperform the other metals in terms of price and consumption growth in the early stages of an economic recovery. This reflects their use in consumer durables (relatively low cost white goods for example)."

At the London Metal Exchange this week both these metals continued the price recoveries that started before Christmas. Cash aluminium closed yesterday at $1,249.50 a tonne, up $61.50 on the week and $123 since the turn of year, while cash nickel was at $7,855 a tonne, up $155 and $690 respectively.

"The real acid test of any recovery is of course how well a market absorbs profit taking," says Mr. Moore. "This week both our star metals have been tested by selling and have not only shrugged it off but have continued to fresh heights."

Aluminium's performance has been all the more remarkable because it has been accompanied by a continuing rise in LME warehouse stocks, *which started the year already* at an unprecedented level. However, a slowing in the pace of arrivals at the exchange's registered warehouses – this week saw a stocks rise of 9,475 tonnes to 1,045,850 tonnes – was cited by some traders as a factor in the market's strength. There was also talk of Russian shipment delays because of increased export tax bureaucracy.

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+2,475	to 1,045,850
Copper	-2,425	to 315,675
Lead	+600	to 127,525
Nickel	+1,272	to 16,524
Zinc	+2,180	to 182,575
Tin	-100	to 13,910

Nickel's recent price rise has also taken place in defiance of a continued build-up in LME stocks – this week's 1,704-tonne increase took the total to 16,524 tonnes, the highest level since September 1984, and extended the rise on the year so far to 4,352 tonnes.

But there appears to have been a profound change in sentiment in the nickel market, which fell by more than $2,500 a tonne during the second half of 1991. Waves of investment fund buying, encouraged by bullish chart patterns, had been overwhelming sporadic bursts of profit taking, at least *until yesterday,* when the three months delivery price's move above $8,000 a tonne was met by sterner resistance.

A degree of caution has been encouraged, moreover, by fears of a German steel workers' strike – the results of the ballot are expected next Friday – which would reduce demand from nickel's key end-use sector.

Most other LME metal markets saw modest gains pared or eliminated yesterday.

The biggest movement was in zinc, the cash price of which finished $21.50 up on the week at $1,182.50 a tonne, after falling by $11.50 yesterday. Dealers explained that there were fears that *recent chart-based* buying might lead to the development of an overbought market and also noted the bearish influence of a further 2,150-tonne stocks rise announced yesterday.

Lead was the only base metal to remain depressed throughout the week, the cash price ending £5.50 down at £282 a tonne. But most of that fall reflected sterling's strength against the US dollar.

At the London bullion market the gold price was pushed through resistance at $358 a troy ounce on Monday by European buying. But the buying quickly dried up and by yesterday's close the price was $354.65 a tonne, down $1.70 on the week. Dealers said a $1.40 fall yesterday was prompted by South American central bank selling.

The silver market had another lively week, the spot price dipping to 419 cents an ounce at one point on Monday before recovering on US investment fund buying. Then on Thursday US selling undermined the market again and in London yesterday the spot price closed at 417 cents an ounce, down 13 cents on balance.

At the London Futures and Options Exchange cocoa prices were depressed by sterling's *strength* and the May *position* ended £13 down on the week at £759 a tonne. However, a market report by Gill & Duffus, the London trade house owned by E.D. & F. Man, forecast that several years of world production deficits – following seven years of surplus – would result in an upward trend in cocoa prices through to the mid 1990s.

Richard Mooney

APPOINTMENTS

Chasse privée

Holland & Holland, the Mayfair gun-makers bought by Chanel in 1989, has appointed a Frenchman to the position of chief executive and chairman.

Alain Drach, 43, is not from Chanel, but otherwise Holland & Holland seems to know astonishingly little about its new boss.He has a marketing background and has run a famous French shoot – which just happens to belong to the Wertheimer family that owns Chanel.

New deputy chairman is the *managing director Roger* Mitchell – who contended at the time of the French acquisition, which caused something of a stir among the gunmaker's gentrified patrons, that "we will remain an English firm under English management".

Stock Exchange chairman Sir Andrew Hugh Smith, who has chaired Holland & Holland for the past four and a half years, moves to the sidelines as non-executive chairman of the holding company.

While Holland & Holland *patted itself on the back* over the Chanel deal, which cost the perfume-makers £10.9m, the company – where a pair of Royal 12-bore tooled by its *mastercraftsmen start* in excess of £56,000 – has subsequently been hard hit by the recession. It may also have been affected by the recent successful entry of Asprey into the hand-made gun market – even if one country gent describes the latter's weapons as vulgar enough to frighten away any pheasant.

"The company remains quintessentially English and few, if any, Holland & Holland customers are even aware that it is no longer an independent company," is the parting shot of the London spokeswoman.

Helen Rees, 31, who resigned as director of the troubled Design Museum in London at the end of 1991, is heading north, to Halifax, where she is to be communications *director of a new children's* museum called Eureka!.

"It's something of a misnomer to call it a museum," she says. "It's designed to be an interactive learning place, where children between 5 and 12 and their families will enjoy themselves." Rees is looking forward to the move, which she says "in a sense feels quite Utopian".

Non-executive directors

The following appointments have been made:

■ Sir Peter Middleton, former permanent secretary to the Treasury, at BASS.

■ Fergal O'Dwyer at FLOGAS in place of David Gavagan who has resigned.

■ Gwyn Jones, chairman of the Welsh Development Agency and a governor of the BBC, at TESCO.

■ Colin Maltby as chairman *of KLEINWORT OVERSEAS* INVESTMENT TRUST.

■ Richard Hanwell at FARNELL ELECTRONICS.

■ Richard Westcott at MARKHEATH.

■ Christopher Burnett at KUNICK.

■ Sir Allen Sheppard, chairman of Grand Met, and John Butterfill MP, at BRIGHTREASONS II.

■ Colin Hope, chairman and chief executive of T&N, is also deputy chairman of IBSTOCK JOHNSEN.

■ Christopher Whittington as deputy chairman of LIT Holdings.

■ Hugh Collum, finance director of SMITHKLINE BEECHAM, at M&G.

■ Sir Frank Holroyd, former chief of logistics and chief engineer of the *RAF*, as chairman of ELETTRONICA (UK).

■ Brian Kemp at USHER-WALKER.

■ Ken Robinson at DOEFLEX.

■ Sir David Scholey, chairman of S G Warburg, at CHUBB Corporation.

■ John Reeve, director of the British Urban Regeneration Association, and Field Walton as chairman of WALTER LAWRENCE, following the retirement of Mick Prichard.

■ Malcolm Winston, formerly *of the Bank of England, and* Michael Comninos, previously of NM Rothschild, at TYNDALL & Co.

■ Stuart Bottomley at *RICHMOND OIL AND GAS.*

■ Brian Firmin at THIRD WAVE CONSULTING.

■ Sir David Nickson, currently chairman of the Top Salary Review Body and of Scottish Enterprise, at CLYDESDALE BANK.

■ Don Sanderson, former md *of Allied Foods,* at HUNTER SAPHIR.

■ Howard Stanton has retired from ANGLO UNITED, following his appointment as group md of ALLIED LONDON PROPERTIES.

■ Jeffrey Gould has resigned from NOVO.

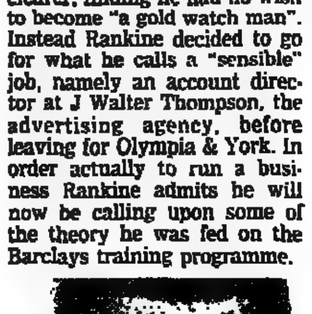
Order to uniforms

Jacqueline de Baer has decided *that her eponymous and rap*idly growing design house for corporate clothing, hitherto more or less a one-woman show, demands the skills of a managing director.

She has consequently hired Angus Rankine, just 33, who spent the last five years marketing Canary Wharf for Canadian developers Olympia & York. While de Baer will continue with the design and sales, the nitty gritty of day-to-day business will be minded by Rankine.

Clients buying uniforms designed by Jacqueline de Baer, who recently won the TSB/Options "Women mean business" award, range from Forte and Shell to the British pavilion at Expo '92 in Seville.

Starting straight from school on the Barclays Bank graduate trainee programme at 18, Rankine did not tarry with the UK *clearer, finding he had no wish* to become "a gold watch man". Instead Rankine decided to go for what he calls a "sensible" job, namely an account director at J Walter Thompson, the advertising agency, before leaving for Olympia & York. In order actually to run a business Rankine admits he will now be calling upon some of the theory he was fed on the Barclays training programme.



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AUTHORISED UNIT TRUSTS

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

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SCHEME PARTICULARS AND REPORTS: [illegible]

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INSURANCES

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Fixed Int. Dep. Acc.	328.6	345.9	—	–
Equity Acc.	1032.2	1085.5	+0.3	–
Property Acc.	490.2	516.0	+0.2	–
Far East Acc.	199.9	210.5	+0.5	–
European Acc.	26.3	27.7	—	–
Managed Cap.	421.8	444.0	+0.1	–
Managed Acc.	807.8	850.4	+0.4	–
O'seas Earnings Acc.	713.6	751.2	-5.4	–
Gilt Edged Acc.	379.2	399.2	+0.2	–
American Equity Acc.	568.5	598.5	+3.1	–
American Man. Acc.	251.8	265.1	+1.5	–
American Prop Acc.	122.7	129.2	+1.3	–
High Income Acc.	23.7	25.0	-0.1	–
Gen 4				
Fixed Int Dep Acc.	27.3	28.8	—	–
Equity Acc.	26.9	28.4	—	–
Property Acc.	23.4	24.7	—	–
Far East Acc.	23.2	24.5	+0.1	–
European Acc.	22.1	23.3	-0.1	–
Managed Acc.	27.0	28.5	+0.1	–
Overseas Acc.	27.6	29.1	-0.2	–
Gilt Acc.	29.4	31.0	—	–
Am Equity Acc.	28.1	29.6	+0.2	–
Am Managed Acc.	27.2	28.7	+0.2	–
Am Property Acc.	21.2	22.4	+0.3	–
High Income Acc.	23.7	25.0	-0.1	–
High Income Ser 2	23.6	24.9	-0.2	–
Pension Funds				
F.I.Dep.Cap.	362.6	381.7	+0.1	–
F.I.Dep.Acc.	690.7	726.6	+0.2	–
Prop. Cap.	507.8	534.6	+0.1	–
Prop. Acc.	1054.6	1110.2	+0.6	–
Man. Cap.	882.6	929.1	-2.2	–
Man. Acc.	1833.0	1929.5	-4.4	–
Gilt Edged Cap.	370.9	390.5	+0.2	–
Gilt Edg. Acc.	628.1	661.2	+0.4	–
Eq. Cap.	1436.0	1511.6	-4.3	–
Eq. Acc.	2258.5	2377.4	-6.5	–
Am. Eq Cap.	199.9	210.5	+2.0	–
Am. Eq Acc.	264.6	278.6	+2.8	–
Far East Cap.	209.5	220.6	+0.8	–
Far East Acc.	277.3	291.9	+1.1	–
Euro Cap.	30.3	31.9	-0.1	–

Century Life Plc
2 Eyre Street Hill, London EC1R 5AE 071-278 4488
City Of Edinburgh Life Assurance

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Far East Emerg Econ.	40.3	42.3	+0.2	–
Fund of Inv Tsts.	58.5	61.4	-0.6	–
Money	157.0	164.9	—	–
Special Situations	85.2	89.4	-0.2	–
UK Growth	129.5	135.8	-0.4	–
World Growth	122.7	128.9	—	–
Pension Funds				
Fund of Inv Tsts.	131.7	138.3	-1.3	–
Special Situations	126.6	133.0	-0.4	–
UK Growth	217.0	227.9	-0.6	–
World Growth	151.8	159.4	—	–
UK Life Assurance				
Managed	103.2	108.6	-0.2	–
Property	116.5	122.6	-0.4	–
Equity	154.0	162.1	-0.5	–
International	97.3	102.5	—	–
Fixed Interest	141.2	148.6	+0.5	–
Deposit	139.1	146.4	—	–
Langham 'A' Plan	105.9	111.4	—	–
Langham Prop Bond	611.0	643.1	—	–
Langham Wisp Managed	160.0	168.4	—	–
Pension Funds				
Managed Capital	76.5	80.5	-0.1	–
Managed Accum	107.3	113.0	-0.1	–
Property Capital	88.0	92.7	-0.2	–
Property Accum	123.3	129.8	-0.4	–
Equity Capital	122.7	129.2	-0.4	–
Equity Accum	172.2	181.3	-0.5	–
Intl Capital	69.5	73.2	—	–
Intl Accum	97.4	102.6	—	–
Fxd Int Capital	115.0	121.1	+0.5	–
Fxd Int Accum	161.2	169.7	+0.8	–
Deposit Capital	120.3	126.6	—	–
Deposit Accum	168.8	177.7	—	–
Langham Harvest	276.7	291.2	—	–

Citibank Life
Perrymount Road, Haywards Heath 0444 414111

	Bid Price	Offer Price	+ or −	Yield Gross
Managed Ser 1	276.6	291.1	-1.3	–
Equity Ser 1	403.9	425.1	-0.9	–
Smaller Co's Ser 1	230.0	242.1	+0.4	–

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
N & P Life Assurance Ltd				
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348				
Life Managed Fd	109.4	115.2	.	-
Pension Managed Fd	107.7	113.3	...	-
Life Deposit Fd	112.1	118.0		-
Pension Deposit Fd	119.4	125.7		-

For National Fin see Target Life

	Bid Price	Offer Price	+ or -	Yield Gross
National Mutual Life				
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422				
Harvester Pension Funds				
Managed	172.3	181.4	...	-
UK Equity	182.1	191.7	...	-
Overseas Equity	137.2	144.5	...	-
Fixed Interest	160.5	169.0	...	-
Property	130.9	137.8	...	-
Index Linked	154.2	162.4		-
Deposit	166.8	175.6	.	-
With Profits (B)	136.5	143.5	...	-

	Bid Price	Offer Price	+ or -	Yield Gross
National Provident Institution				
48 Gracechurch St, London EC3P 3HH 071-623 4200				
Managed	354.9	373.6	-1.5	-
UK Equity	442.2	465.5	-3.1	-
Overseas Eq	343.6	361.7	-0.6	-
Americas	303.0	319.0	+2.9	-
Far East	352.9	371.5	-2.1	-
Property	194.8	205.1	-0.1	-
Fixed Int	277.1	291.7	-0.8	-
Indexed Gilt	163.1	171.7	-0.5	-
Deposit	190.5	200.6	+0.1	-
With Profits	106.8	112.4	...	-
Pension Fund (Accum Units)				
Managed	513.7	540.8	-2.3	-
UK Equity	596.8	628.3	-4.6	-
Overseas Eq	585.9	616.8	-0.3	-
Americas	396.0	416.9	+2.1	-
Far East	587.3	618.3	-2.5	-
Property	249.7	262.9	-0.1	-
Fixed Int	347.7	366.0	-0.9	-
Indexed Gilt	177.3	186.7	-0.9	-
Deposit	270.6	284.9	+0.1	-

	Bid Price	Offer Price	+ or -	Yield Gross
Providence Capital Life Assc. Co Ltd				
2 Bartley Way, Hook, Hants RG27 9XA 0256 768888				
UK Equity Acc	216.2	228.1	-2.9	-
UK Fixed Int Acc	196.5	207.3	-0.3	-
Intl Equities Acc	178.4	188.2	+0.1	-
UK Managed Acc	171.5	180.9	-1.3	-
Property Acc	225.6	238.0	...	-
Money Acc	135.2	142.7	.	-
Special Market Acc	155.9	164.5	+2.1	-
Japan Equity Acc	94.3	99.5	-0.9	-
North American Acc	110.3	116.4	+1.1	-
Pacific Acc	94.8	100.1	+0.4	-
Technology Acc	144.0	152.0	...	-
Nat Resources Acc	56.6	59.8	-0.9	-
European Acc	101.9	107.5	-0.1	-
Residential Prop Acc	85.0	89.7	...	-
Swiss Equities Acc	33.7	35.6	+0.1	-
Hong Kong Acc	73.2	77.3	+0.3	-
UK High Inc Eq Acc	69.4	73.3	-1.0	-
Int Fixed Interest Acc	62.0	65.5	+0.1	-
Int Managed Acc	57.7	60.8	...	-
HIP Managed Acc	117.8	124.2	+0.2	-
HIP Managed II Acc	104.1	109.8	+0.3	-
HIP Managed III Acc	112.1	118.2	+0.1	-
Total Investment Bond				
UK Equity Initial		146.3	-2.9	-
UK Fixed Int Initial		133.2	-0.2	-
Intl Equities Initial		120.0	...	-
UK Managed Initial		116.3	-0.9	-
Property Initial		154.0		-
Money Initial		92.2	...	-
Special Market Initial		120.5	+1.6	-
Japan Equity Initial		72.9	-0.6	-
North American Initial		85.3	+0.9	-
Pacific Initial		73.3	+0.3	-
Technology Initial		111.3	+0.1	-
Nat Resources Initial		43.7	-0.7	-
European Initial		90.9	-0.2	-
Residential Prop Init		80.8	...	-
Swiss Equities Initial		32.1	...	-
Hong Kong Initial		69.6	+0.3	-
UK High Inc Eq Init		66.0	-1.0	-
Int Fixed Interest Init		59.8	+0.1	-
Int Managed Init		56.8	...	-
HIP Managed Init		113.9	+0.1	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

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ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

WORLD STOCK MARKETS

US MARKETS (3:00 pm)

January 24	US$	+ or –
Chris-Craft	26⅜	+⅛
Chrysler	13⅜	+⅛
Chubb Corp	71⅛	–⅛
Cigna Corp	57⅛	–⅛
Cincin Milacron	15⅛	+1⅛
Citicorp	14⅜	+⅛
Clark Equipment	23⅜	+⅛
Clevld Cliffs	39⅛xd	+⅛
Clorox	44xd	+⅛
Coastal Corp	25	–⅛
Coca Cola	75	+⅛
Coca Cola Ent	14⅛	....
Colgate Palmolive	47⅛xd	+⅛
Columbia Gas	18⅜	+⅛
Comcast Corp A	16⅛xd	–⅛
Commerce Cl Hse	18⅜	–⅛
Comm Satellite	37⅜	–⅜
Commonw Edison	37⅛	....
Compaq Computer	34⅛	+⅜
Computer Ass Int	15⅛	–⅜
Computer Scences	82⅛	–⅛
Conagra	34⅛xd	+⅛
Cons Edison	28⅛	+⅛
Cons Freightways	16	–⅛
Cons Nat Gas	38⅛	–⅛
Cons Paper	40⅛	–⅜
Cons Rail	81⅛	–⅛
Continental Air	2	+0.75
Conti Bank Corp	12⅜	+⅛
Conti Corp	28⅛	...
IP Timberland	24⅛xd	+⅛
ITT Corp	59⅛	+⅜
Illinois Power	24⅜	–⅛
Illinois Tool	66⅛xd	....
ICI ADR	89⅜	+⅜
Imcera Group	41⅜	+⅜
INCO	32⅛	–⅛
Ingersoll Rand	59⅛	+⅛
Inland Steel	24⅜	....
Intel Corp	62⅛	+⅜
Intergraph	19	+⅛
InterLake	7⅛	–1⅛
IBM	93⅜	+⅜
Intl Flav & Fr	99⅜	–⅛
Intl Multifoods	28⅛xd	+⅛
Intl Paper	72⅛	+⅛
Interpublic	53⅜	–⅜
InterTAN	11⅜	+⅜
James River Va	22⅛	–⅛
Jefferson Pilot	53⅛xd	+⅛
Johnson Controls	36⅛xd	–⅛
Johnson & Johnson	107⅛xd	+⅜
K Mart	49⅛xd	–⅛
Kellogg	59⅛	....
PaineWebber	25	...
Pall Corp	30⅛xd	–⅜
Panhandle Eastern	14⅜	–⅛
Paramount Commun	41⅛	+⅜
Parker Drilling	6⅛	+⅛
Parker Hannifin	31xd	+⅛
Pathe Comm	2.37	+0.13
Penn Central	25⅜	+⅛
Penney (JC)	54⅜	....
Pennsyl Pwr & Lt	49⅛	–⅛
Pennzoil	53	–⅛
People's Energy	26⅛	+⅛
Pepsico	33	–⅛
Perkin Elmer	31⅛	–⅛
Petrie Stores	22⅛	+⅛
Pfizer	76	+⅜
Phelps Dodge	75⅛	+1⅛
Philadel Elec	24	....
Philip Morris	76⅛	–⅛
Phillips Pet	24⅛xd	+⅛
Phillips-Van Hsn	19⅛	–⅜
Pic'n'Save	19⅜	–⅛
Pinnacle West Cap	17⅛	....
Pioneer Hi Bred	62⅛	–2
Pitney Bowes	66⅜	+1⅛
Pittston	17⅜	–⅜
Polaroid	25⅛	+⅜
Policy Mgt Sys	68	+1⅛
Potlatch Corp	41⅛	+⅛
USG Corp	1.62	+0.13
UST Inc	60⅛	–⅜
USX Marathon	23⅜	+⅛
USX-US Steel	27⅛	–⅛
Unilever NV	101⅛	+1⅛
Union Camp	50⅛	–⅛
Union Carbide	24⅛xd	+⅛
Union Electric	35⅜	+⅛
Union Pacific	46	–⅛
Unisys Corp	8	+⅛
USAIR Group	15⅛	–⅛
USF&G Corp	8⅛	+⅛
US Home	0.81	+0.06
US Life	45⅛	+⅜
US Shoe	12⅜	+⅛
US Surgical	119	+1⅛
US Trust	44⅛	....
US West	36xd	+⅛
United Technology	51	+⅛
United Telecomms	21⅛	–⅛
Unocal Corp	23	+⅛
Upjohn	42	–⅛
VF Corp	41	–⅛
Valero Energy	29⅛	–⅜
Varian Associates	38⅛xd	+⅛
Varity Corp	14⅜	+⅛
Vornado	29⅜	+⅛

CANADA (3:00 pm)

January 24	Can. $	+ or –
Power Corp	14⅜	+⅛
Provigo	8⅛	–⅛
Quebec Tele	18⅛	....
Ranger Oil	8⅜	....
Reed Stenhouse	26	....
Repap Ent	5⅛	+⅛
Rio Algom	17⅛	+⅛
Royal Bk Canada	27xd	–⅛
Royal Trust	9⅛	+⅛
St Lawrence Cem A	12⅛	–⅛
Sceptre Res	1.25	–0.05
Scotts Hosp	16⅜	–⅜
Seagram	140⅜	+⅜
Sears Canada Inc	9⅛	....
Shell Canada A	40⅛	+⅛
SHL Systemhouse	13	+1⅛
Southam	19⅛	+⅛
Spar Aerospace	18⅜	–⅛
Stelco A	6⅜	+⅛
Teck Corp B	19⅛	+⅛
Thomson Corp	17	+⅛
Toronto Dom Bk	18	+⅛
Total Pet N Am	12⅜	–⅛
Transalta	13⅛	–⅛
Trans Can Pipe	17⅜	+⅛
Trimac	8⅜	–⅛
Trizec A	9⅛	–⅛
United Dominion	11⅛	–⅛
Westcoast Energy	19⅜	+⅛
Weston (George)	38⅛	....

INDICES

NEW YORK

DOW JONES	Jan 23	Jan 22	Jan 21	Jan 20	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
¶Industrials	3226.74	3258.81	3223.39	3254.03	3264.98 (17/1)	3172.41 (2/1)	3264.98 (17/1/92)	41.22 (2/7/32)
Home Bonds	99.44	99.38	99.40	99.49	99.61 (17/1)	98.96 (2/1)	99.61 (17/1/92)	54.99 (1/10/81)
Transport	1384.72	1407.14	1391.07	1411.43	1445.81 (16/1)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	213.51	215.20	[illegible]	[illegible]	225.59 (3/1)	211.82 (17/1)	236.23 (2/1/90)	10.50 (8/4/32)

¶Day's High 3279.52 (3272.81) Low 3205.95 (3190.97)

STANDARD AND POOR'S

	Jan 23	Jan 22	Jan 21	Jan 20	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	414.96	418.13	[illegible]	416.36	420.77 (15/1)	412.64 (21/1)	420.77 (15/1/92)	4.40 [illegible]
Industrials	492.01	496.18	490.04	495.14	499.27 (15/1)	490.04 (21/1)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	[illegible]	34.47	[illegible]	34.29	35.14 (15/1)	33.82 (21/1)	35.24 [illegible]	8.64 (1/10/74)
NYSE Composite	228.89	230.19	227.64	229.67	231.85 (15/1)	227.64 (12/1)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	414.27	413.18	410.51	415.33	415.33 (20/1)	395.51 (2/1)	415.33 (20/1/92)	29.31 (9/12/72)
NASDAQ Composite	622.86	620.68	608.89	619.38	630.82 (15/1)	[illegible] (2/1)	630.82 (15/1/92)	54.87 (31/10/72)

	Jan 17	Jan 10	Jan 3	year ago (approx.)
Dow Industrial Div. Yield	2.83	2.89	2.90	3.90

	Jan 15	Jan 8	Dec 31	year ago (approx.)
S & P Industrial div. yield	2.52	2.54	2.55	3.31
S & P Indl. P/E ratio	25.76	25.51	25.35	15.92

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day
Wang	13,967,900	7⅛	+ 1⅛
RJR Nabisco	6,221,300	10⅛	- ⅛
Chem Bank	3,773,600	27⅛	+ ⅛
Conrail	3,647,400	46	+ 9
Comp Assoc	3,413,500	15⅜	+ ⅜
Glaxo	3,266,500	30⅛	- ⅛
Citicorp	2,747,300	14⅜	+ ⅛
AT & T	2,463,300	39⅛	- ⅜
Data Gen	2,376,100	12⅛	- 3⅜
Telefonos	2,018,900	50	- ⅛

TRADING ACTIVITY

† Volume	Millions Jan 23	Jan 22	Jan 21
New York SE	229.680	225.030	218.650
Amex	19.174	19.182	17.946
NASDAQ	251.173	251.173	265.438
NYSE			
Issues Traded	2,199	2,197	2,194
Rises	790	1,138	570
Falls	939	619	1,188
Unchanged	470	440	436
New Highs	107	85	79
New Lows	6	3	5

CANADA

TORONTO	Jan 23	Jan 22	Jan 21	Jan 20	1992 HIGH	1992 LOW
Metals & Minerals	3139.99	3161.98	3111.62	3200.40	3238.87 (16/1)	2936.22 (2/1)
Composite	3624.53	3638.79	3620.44	3655.67	3666.00 (16/1)	3493.66 (2/1)
MONTREAL Portfolio	1909.68	1920.92	1908.90	1930.23	1937.59 (16/1)	1856.55 (2/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds ‡ Industrial, plus Utilities, Financial and Transportation (c) Closed. (u) Unavailable.

	Jan 24	Jan 23	Jan 22	Jan 21	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1619.8	1635.5	1631.5	1646.9	1675.6 (15/1)	1615.8 (24/1)
All Mining (1/1/80)	682.1	692.3	691.1	697.7	703.5 (20/1)	661.3 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	404.81	407.18	404.24	405.04	437.47 (15/1)	372.24 (2/1)
BELGIUM						
BEL20 (1/1/91)	1178.21	1183.63	1176.84	1182.69	1183.63 (23/1)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	360.96	360.71	359.37	360.85	365.29 (15/1)	354.37 (2/1)
FINLAND						
HEX General (28/12/90)	859.6	854.8	848.4	[illegible]	894.5 (16/1)	779.8 (2/1)
FRANCE						
CAC General (31/12/80)	495.23	498.74	501.36	504.35	504.35 (21/1)	475.53 (2/1)
CAC 40 (31/12/87)	1849.92	1838.69	1848.32	1867.91	1873.63 (15/1)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	677.53	[illegible]	685.12	687.20	[illegible] (21/1)	643.26 (8/1)
Commerzbank (1/12/53)	1916.3	[illegible]	1937.8	1943.5	1943.5 (21/1)	1813.8 (8/1)
DAX (30/12/87)	1664.77	1669.57†	1680.10	1685.29	1685.29 (21/1)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	4600.08	4625.84	4550.72	4522.21	4625.84 (23/1)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1441.73	1447.95	1457.77	1463.75	1469.57 (17/1)	1391.90 (8/1)
ITALY						
Banca Com. Ital. (1972)	549.10	548.27	537.97	539.96	551.03 (16/1)	507.43 (2/1)
JAPAN						
Nikkei (16/5/49)	21072.15	21580.72	21534.12	20858.30	[illegible] (6/1)	20858.30 (21/1)
Tokyo SE (Topix) (4/1/68)	1584.86	1610.78	1603.81	1549.43	1763.43 (6/1)	1549.43 (21/1)
2nd Section (4/1/68)	2300.36	2308.79	2295.23	2242.32	2459.85 (6/1)	[illegible] (21/1)
MALAYSIA						
KLSE Composite (4/4/86)	568.78	571.64	572.27	570.57	572.27 (22/1)	546.63 (14/1)
NETHERLANDS						
CBS TtL Rtn Gen. (End 1983)	287.7	288.0	288.3	289.1	289.1 (21/1)	274.0 (8/1)
CBS All Shr (End 1983)	202.0	202.2	202.5	203.0	203.0 (21/1)	192.4 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	712.48	711.45	728.88	729.92	740.08 (17/1)	678.99 (2/1)
PHILIPPINES						
Manila Comp (2/1/85)	1276.68	1282.28	1281.31	1301.60	1303.30 (17/1)	1172.79 (2/1)
SINGAPORE						
SES All-Singapore (2/4/75)	415.63	416.90	416.91	416.99	416.99 (21/1)	401.19 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1298.0¶	1285.0	1303.0	1327.0	1327.0 (21/1)	1119.0 (2/1)
JSE Industrial (28/9/78)	4436.0¶	4486.0	4510.0	4513.0	4536.0 (15/1)	4156.0 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	658.04	667.47	646.28	630.00	667.47 (23/1)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	251.16	251.07	251.36	252.62	[illegible] (13/1)	[illegible] (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	984.7	986.3	978.1	998.2	999.2 (20/1)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	771.6	778.4	778.2	773.0	779.6 (15/1)	748.5 (8/1)
SBC General (1/4/87)	628.4	627.8	628.4	627.2	628.4 (22/1)	601.1 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	5243.60	5122.81	5131.42	5136.35	5243.60 (24/1)	4692.17 (6/1)
THAILAND						
Bangkok SET (30/4/75)	781.63	780.36	772.71	776.01	781.63 (24/1)	711.81 (3/1)
WORLD						
M.S. Capital Intl.(1/1/70) (c)	522.0*	527.7	529.7	[illegible]	542.1 (7/1)	520.1 (13/1)

** Saturday January 18: Taiwan Weighted Price: 4964.22; Korea Comp Ex. 621.21.
¶ Subject to official recalculation. † Correction. *Calculated at 15.00 GMT.
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Dow claws back early losses in hesitant trading

Wall Street

US stock markets clawed back some of their recent losses yesterday, but investors remained hesitant to commit more funds to the market and the dominant influence on sentiment remained fourth quarter corporate results, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was *up* 8.05 at 3,234.79. The more broadly based Standard & Poor's 500 was also firmer at midsession, up 1.05 at 416.01, while the Nasdaq composite of over-the-counter stocks gained 1.43 to 624.29. NYSE turnover was 116m shares by 1 pm, and rises *marginally* outpaced declines by 789 to 748.

Oils featured among individual stocks, Exxon *rising* $1 to $60 *on news of a* fourth quarter profit of $1.12bn, which boosted full-year earnings to $5.6bn, the highest in the company's history. The figures were particularly impressive considering the decline in oil prices in 1991.

Chevron also unveiled fourth quarter figures, the stock edging $⅝ higher to $66⅞ on news of a modest final three-month profit of $19m, which included a $244m charge to cover work*force reduction and operational* changes. Over the year, Chevron made a profit of $1.29bn.

Dow Jones jumped $1¼ to $30⅞, a new 52-week high, after analysts at two big broking houses, Merrill Lynch and Morgan Stanley, recommended the stock to clients, citing improved business trends and the relatively low valuation of the shares. The newspaper and newswire publisher reported better than expected fourth quarter earnings on Thursday.

Kimberly-Clark rose $1⅞ to $49⅞ after the opening was delayed due to an order imbalance on the buy side. Buyers were attracted to the stock by the company's strong fourth quarter earnings and by a recommendation from Bear Stearns, the securities house.

Orion Pictures, the troubled Hollywood film company, jumped $1⅛ to $3⅞ on speculation that Turner Broadcasting might make a bid. *Orion*, which is operating under the protection of Chapter 11 bankruptcy, has already received a bid from New Line Corp.

Burlington Northern fell $⅛ to $41 despite a forecast from the company that its 1992 earnings should be substantially better than the 1991 pre-tax operating income of $469m.

Delta Woodside fell $2⅞ to $15⅞ after Merrill Lynch lowered its profits forecast for the company and cut its long-term rating on the stock from "buy" to "above average".

On the over-the-counter *market*, Adaptec rose $3⅞ to $27⅞ after reporting fiscal third quarter net income of 35 cents a share, well up on a year ago. Cirrus *Logic* was *also* boosted by good quarterly earnings, the stock adding $1 at $18⅞.

Canada

TORONTO stocks overcame early weakness and moved higher in moderate midday trade. The TSE 300 composite index rose 6.8 to 3,631.3 after bottoming at 3,617.14. Advances led declines by 251 to 203 in volume of 14.98m shares valued at C$173.6m.

Most sectors were only slightly changed, but some *issues in the merchandising* sector weakened. Oshawa A, which began the week priced at C$23, fell another C$⅞ to C$20. Analysts said that the company, which supplies grocery stores, has the most to lose from heavy price competition in Ontario which started last Monday.

Provigo, a Quebec food retailer and distributor, lost C$⅞ to C$8⅞, a new 52-week low. The company said that it will issue 3.4m receipts to raise C$85m.

SOUTH AFRICA

JOHANNESBURG saw Lonrho plunge 26 per cent or R2.35 to R6.85 on news of a dividend cut. The market weakened quietly. The all-gold index fell 27 to 1,258, while the industrial index lost 51 to 4,436. The all-share dropped 50 to 3,636.

Canada's forestry sector shows signs of recovery

Rising lumber prices, due to supply uncertainties, have boosted share prices, says Bernard Simon

The cliché that the darkest hour comes before the dawn aptly describes investors' prevailing view of Canada's depressed forestry industry.

Almost every major Canadian forest products company is expected to report hefty losses for the fourth quarter of last year. Yet their share prices *are steadily climbing.* The Toronto stock exchange's paper and forest products index has advanced almost 14 per cent since last November to 3,660 this week.

The price jumps in some cases have been little short of spectacular, perhaps because of the illiquidity of the sector, which only has a 2.3 per cent weighting in the TSE 300 index. International Forest Products of Vancouver surged from C$7.63 to C$10.25 in two months. MacMillan Bloedel, the big west coast producer, has climbed from a 1991 low of C$15.50 to over C$20.

Pundits are confident that the worst is now over for a sector which has taken one of the most severe beatings of any North American industry over the past two years, with the exception of real estate. "It's time to take a long-term view and jump in," says one Toronto forest products analyst.

Mr Richard Kellertas, analyst with McLean McCarthy in Montreal, forecasts that the forest products sector as a whole could rise another 15-20 per cent this year.

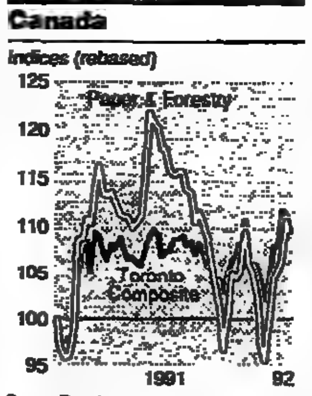
The signs of recovery are most apparent in the lumber and pulp markets. Propelled by the steep fall in US interest rates, March and May lumber futures on the Chicago Mercantile Exchange were at record levels this week.

US housing starts grew by 2.6 per cent in December, fuelling hopes that the construction industry, the biggest buyer of timber, is starting to emerge from its slump.

Supply uncertainties have also helped drive up lumber prices. The US Forest Service virtually stopped sales of timber in late 1991 from government-owned forests in Oregon and Washington in response to pressure from environmental groups to protect the northern spotted owl and other wildlife. About 8 per cent of total US timber production is expected to be withdrawn between the second half of 1992 and the end of 1993.

Canada

Indices (rebased)



Source: Datastream

On the pulp side, North American producers have gained from the recent rise in European currencies. They are due to raise the price of northern softwood pulp by US$20 a tonne at the beginning of February to $540 a tonne, the second such increase in two months.

Canadian producers, who account for more than a quarter of the world's market pulp output, shipped 21 per cent more material last November than a year earlier, thanks largely to their improved competitiveness in Europe. Their *inventories have fallen steadily* since last August.

Companies with a relatively high exposure to lumber and pulp are at the top of analysts "buy" lists. International Forest has no paper business at all. Other favourites include West Fraser Timber, Canfor Corp and two smaller west coast companies, Primex Forest Products and Slocan Forest. Primex's share price has climbed from C$5.75 to C$7.63 in the past two months.

A dark cloud still hangs over newsprint, and the share prices of most newsprint producers have yet to show much sign of movement. Despite a relatively strong balance sheet, Abitibi-Price was trading at C$15.13 this week, exactly where it was last November, and still below its book value.

Cut-throat competition is still forcing both US and Canadian newsprint producers to offer discounts of 20-35 per cent on their list prices. The Canadians are at a particular disadvantage, with old machines and high labour costs.

Canadian *newsprint mills* are operating at about 80 per cent of capacity, compared with 97 per cent for the US industry.

Despite these handicaps, at least some Canadian newsprint producers may enjoy a marked improvement in profitability later this year.

A combination of restructuring, cost-cutting, a weakening Canadian dollar, and low interest *rates should show up on* bottom lines by the second half. There is even some anecdotal evidence of a shaky recovery in newspaper and magazine advertising, a key element in the newsprint outlook.

Several of the big newsprint producers are in the midst of painful but necessary adjustments. Canadian Pacific Forest Products has announced the closure of eight high-cost machines in Quebec and New Brunswick.

More than 40 per cent of its capacity will then consist of machines which are less than two years old. CP Forest also announced earlier this month that it is easing its debt burden with a C$218m equity issue.

Fletcher Challenge, Abitibi-Price and MacMillan Bloedel are also all in the throes of restructuring.

With US forestry stocks at a hefty premium to book value and at high price-earnings multiples, optimists are crossing *their fingers in the hope that* the Canadian shares will stage at least a partial catch-up when the recovery eventually gets into full swing.

EUROPE

Frankfurt sees more profit-taking in construction sector

THERE WAS some response in Europe to Wall Street's intermittent attempts at a recovery yesterday morning, but in general the tone was muted, *writes Our Markets Staff.*

FRANKFURT registered a brief uptick on London talk of a steel pay settlement but the metalworkers' union, IG Metall, soon gave the lie to this story. The FAX and DAX indices fell 3.30 to 677.53 and 4.80 to 1,664.77, each down a fraction on the week. Volume xxxx from DM6.20m to DMxxxbn.

The talk was still of gentle consolidation, but there were areas in which the change in sentiment was more sharply defined. Construction stocks, which had performed "astonishingly well" since Christmas, according to Mr Urs Waldvogel of UBS Phillips & Drew, fell for the third day in succession.

Bilfinger & Berger dropped DM19 to DM931 for a three-day loss of DM39, Hochtief by DM13 to DM1,150 for DM41 and Philipp Holzmann by DM22 to *DM1,148 for DM36. At the same* time, the building materials company, Heidelberger Zement, leapt by DM37.50 to DM966.

Mr Waldvogel said that the constructions had combined very good output figures with *the latest fashion for cyclical* stocks, and now offered opportunities for profit-taking. Heidelberger Zement had been left behind, had cheaper earnings, US recovery potential and no need to finance east German acquisitions.

Other share price recovery stories lost some of their recent gains, Asko falling DM15.50 to DM640.50 and Degussa by DM7 to DM329.50. *Meanwhile, some former lag*gards continued to improve, with AEG rising DM3.20 to DM216.50 and Linotype by DM8.80 to DM347.80.

PARIS overcame an early bout of selling linked to the liquidation of the January *account yesterday to finish* just below the day's highs. The CAC 40 index rose 11.23 to 1,849.92, but was down 0.5 per cent on the week. Turnover eased to about FFr2.2bn from FFr2.4bn.

The building materials sector saw some volatility. Lafarge dropped FFr8.80 or 2.6 per cent to FFr329.90 in 113,640 shares following much worse than expected 1991 results from *its US subsidiary. Lafarge Corp* suffered a particularly bad fourth quarter loss and said that it saw no signs of any pick-up in the North American markets.

Ciments Français made the day's biggest gain, of 8.5 per cent, or FFr22 to FFr281 and Poliet jumped FFr28.90 or 6.7 per cent to FFr460 but both rises came in thin volume.

Elsewhere, LVMH added FFr50 to FFr4,340 on the back of its good 1991 turnover figures, while Saint-Gobain eased 10 centimes to FFr494 on its 1991 profits.

MILAN closed little changed, with turnover estimated at *below Thursday's L134bn. The* Comit index rose 0.83 to 549.10, steady on the week.

The insurance sector continued to attract attention as shares in La Fondiaria subsidiaries were readmitted after Thursday's suspension. News of La Fondiaria's restructuring of its subsidiaries did not have much impact. La Fondiaria fell L200 to L38,500, while Ausonia eased L56 to L834, Latina fell *L230 to L7,800* lire and La Previdente firmed L50 to L18,570. In the same sector Generali rose L150 to L31,200.

ZURICH, moderately active, ended slightly higher after Wall Street's opening. The all-*share SPI index closed* 1.5 higher at 1,114.0, up 0.9 per cent on the week.

BRUSSELS closed mixed to lower in moderate trading as the market consolidated Thursday's gains. The Bel20 index fell 5.42 to 1,178.21, up 1.9 per cent on the week, in turnover worth BFr1.4bn.

The market leader, Petrofina, eased BFr25 to BFr10,850 on heavy volume of 26,980 *shares. But the retailer GIB* was one of the few blue chip shares to buck the trend, closing up BFr22 or 1.7 per cent at BFr1,350 in heavy volume of 161,200 shares.

STOCKHOLM had its ups and downs although the Affärsvärlden General index closed only 0.6 lower at 984.7, up 0.3 per cent on the week. The ups included a SKr15 recovery to SKr560 in Astra A *on Aids treatment hopes for* the group's Foscavir drug.

Among insurers, however, Skandia fell SKr3 to SKr157 after Thursday's meeting of the heads of four major Nordic insurers, at which talks on the *creation of a pan-Nordic* insurance group seem to have faltered.

OSLO closed marginally lower, the all-share index dipping 0.35 to 443.43, down 4.5 per cent on the week. Turnover was moderate at NKr301.2m.

Norsk Hydro, which shed NKr12.5 on Thursday on news of a special charge in the fourth quarter, recovered NKr1 to NKr145.5.

COPENHAGEN ended mixed, though Danisco recovered another DKr10 to DKr835 on heavy turnover of 119,000 shares. The index edged up 0.25 to 360.96 but was little changed on the week.

ISTANBUL leapt more than 3 per cent on speculation that the Social Democrat Party's congress this weekend will not lead to political unrest. The 75-share index ended at 5,022.60, *up 148.84 on the day and little* changed on the week.

FT-SE Eurotrack 100 - Jan 24

Hourly changes

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1128.50	1128.54	1130.38	1130.14	1130.57	1131.04	1132.83	1131.86

Day's High 1133.25 — Day's Low 1128.27

Jan 23	Jan 22	Jan 21	Jan 20	Jan 17
1131.98	1134.07	1136.99	1135.91	1135.24

ASIA PACIFIC

Japanese shares resume their downtrend

Tokyo

THE TWO-DAY recovery in *Japanese share prices* was wiped out yesterday as arbitrage-related selling, prompted by an overnight fall on Wall Street and the lower yen and bond prices, dominated activity, *writes Emiko Terazono in Tokyo.*

The Nikkei average closed 508.57, or 2.4 per cent lower at 21,072.15, down 1.2 per cent on the week. It opened at the day's high of 21,527.81 but soon turned down, *falling* to the day's low of 21,008.92 during the morning session.

Volume dropped to 180m shares from 250m. Declines outnumbered advances by 805 to 176 with 153 unchanged, the Topix index of all first section stocks fell 25.92 to 1,584.86 and, in London, the ISE/Nikkei 50 index rose 1.51 to 1,218.53.

Light buying by foreign investors on the main market, *and active foreign buying over*-the-counter provided a glimmer of light, with the Nikkei OTC index rose by 1 per cent, advancing for the third consecutive day. "Foreigners, especially European investors, are targeting companies with high growth potential," said Mr Kotaro Aoki at Ichiyoshi Securities.

International blue chips lost ground with Hitachi down Y28 to Y911 and NEC losing Y30 to Y1,160. NTT fell Y5,000 to a new all time low of Y695,000.

Large-capital stocks lost ground on institutional selling. Nippon Steel, the most active issue of the day, fell Y1 to Y351 and Mitsubishi Heavy Industries lost Y9 to Y645.

Speculative stocks were among the few winners, Clarion rising Y28 to Y975 and Nippon Carbon by Y70 to Y2,050 on buying by dealers looking for quick profits.

In Osaka, the OSE average lost 353.95 to 22,625.39 in volume of 33.4m shares. Trading was dominated by cross trading and window dressing ahead of the March book closing.

Nintendo, the game maker, firmed Y100 to Y10,500. The issue initially fell on reports that the company was planning to buy a stake in a US major league baseball team based in Seattle, which some investors feared would spark criticism in the US. However, reports of favourable reaction from *local citizens, prompted* some buying.

Roundup

TOKYO'S fall and domestic concerns influenced trading in the Pacific Rim yesterday.

HONG KONG dropped in heavy trading as investors dumped the shares they had picked up the previous day on a report that the ousted Chinese *Communist Party General* Secretary Zhao Ziyan had been cleared of charges linked to the June 1989 pro-democracy movement. The story was denied by the Chinese authorities after the close on Thursday.

The Hang Seng Index slid 25.76 to 4,600.08, its first decline in a record-breaking advance over the previous nine sessions but up 3.3 per cent on the week. Turnover eased to *HK$3.02bn from HK$3.53bn.*

In a weak banking sector, HSBC Holdings fell 25 cents to HK$36.75 while in conglomerates, Jardine Matheson slid 75 cents to HK$43.

AUSTRALIA slumped as the local currency and the bond market both plunged, though late action by the Reserve Bank of Australia to offer to buy bonds provided *some* support. The All Ordinaries index ended down 19.6 at 1,615.8, for a loss of 3.4 per cent on the week. Turnover rose to A$313m from A$250m.

Banking shares all dropped. Commonwealth Bank of Australia fell 4 cents to A$7.41, Westpac Banking lost 7 cents to A$4.15 and Australia & New Zealand Banking Group fell 12 cents to A$4.37.

*SEOUL ended lower as inves*tors turned cautious after the rapid rises of the past three days. The composite index fell 9.43 to 658.04, for a 6.7 per cent rise on the week. Turnover remained active at Won541.1bn after Won631.1bn.

TAIWAN moved strongly against the trend, the weighted index closing 121.59, or 2.4 per cent higher at 5243.60, up 3.9 per cent on the week. The mar*ket was encouraged by the* recent trend in Hong Kong but, given yesterday's performance, thought likely to pull back in today's trading.

BANGKOK saw turnover rise to a record Bt12.59bn from Bt10.89bn, while the SET index closed a modest 1.37 higher at 781.63, 1.4 per cent up on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY JANUARY 23 1992								WEDNESDAY JANUARY 22 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	145.75	−0.6	120.31	114.10	120.86	129.86	+0.2	4.26	146.46	120.17	114.06	120.88	129.56	160.31	112.74	118.84
Austria (20)	168.00	−0.1	138.68	131.53	139.31	139.16	+0.5	2.07	168.19	137.99	130.98	138.82	138.45	222.37	153.86	181.74
Belgium (46)	144.02	−0.2	118.89	112.74	119.43	116.67	+0.6	5.05	144.30	118.39	112.37	119.09	116.01	151.20	118.04	130.99
Canada (115)	140.84	−0.4	116.27	110.26	116.78	118.00	−0.2	3.12	141.41	116.03	110.12	116.71	118.27	144.28	125.49	127.28
Denmark (37)	263.88	−0.7	217.83	206.59	218.82	221.89	+0.0	1.61	265.82	218.10	207.02	219.39	221.90	273.94	217.74	236.83
Finland (15)	85.43	+0.8	70.52	66.89	70.85	77.86	+1.1	3.14	84.77	69.55	66.02	69.96	78.83	125.15	73.32	95.11
France (109)	149.47	−0.7	123.38	117.01	123.93	127.54	−0.1	3.46	150.51	123.49	117.20	124.21	127.72	152.48	119.11	133.54
Germany (65)	118.85	−1.1	98.11	93.05	98.55	98.55	−0.7	2.34	120.21	98.63	93.62	99.21	99.21	125.35	94.15	110.19
Hong Kong (55)	191.57	+1.7	158.14	149.97	158.86	190.81	+1.7	3.91	188.39	154.57	146.71	155.49	187.62	191.57	119.82	126.85
Ireland (16)	170.08	−0.8	140.38	133.14	141.02	143.27	−0.3	3.56	171.35	140.59	133.44	141.42	143.76	182.46	132.88	141.97
Italy (77)	78.82	+0.8	65.07	61.71	65.36	70.70	+1.5	3.26	78.17	64.14	60.87	64.52	69.68	88.23	64.76	74.78
Japan (473)	128.61	−0.1	106.17	100.69	106.66	100.69	+0.4	0.84	128.80	105.68	100.31	106.32	100.31	146.97	118.23	127.76
Malaysia (68)	224.46	−0.2	185.29	175.72	186.13	231.38	−0.1	2.84	224.89	184.52	175.13	185.61	231.69	247.78	189.18	196.41
Mexico (18)	1502.51	+0.5	1240.31	1176.28	1245.94	5028.50	+0.5	1.04	1495.50	1227.01	1164.65	1234.29	5005.87	1515.97	534.45	548.34
Netherland (31)	153.81	−0.8	126.97	120.41	127.55	126.08	−0.2	4.29	155.00	127.17	120.71	127.93	126.35	155.74	125.70	132.70
New Zealand (14)	45.74	+0.1	37.76	35.81	37.93	44.92	+0.3	6.12	45.70	37.49	35.59	37.72	44.76	54.64	41.18	42.73
Norway (25)	181.96	−4.2	150.21	142.45	150.89	154.61	−3.5	1.68	189.87	155.78	147.87	156.71	160.23	223.24	157.06	169.42
Singapore (38)	227.87	−0.1	188.11	178.39	188.95	171.48	−0.1	2.03	228.13	187.18	177.67	188.29	171.57	228.29	151.63	161.54
South Africa (61)	261.72	−0.2	216.05	204.89	217.02	184.84	−0.2	2.69	262.33	215.24	204.29	216.51	185.27	271.99	173.00	174.94
Spain (52)	154.24	−0.8	127.33	120.76	127.90	117.79	+0.0	4.70	155.43	127.52	121.05	128.28	117.75	171.12	131.51	143.90
Sweden (25)	184.91	+0.5	152.64	144.76	153.34	158.77	+1.3	2.81	183.93	150.91	143.24	151.81	156.77	204.12	146.60	166.44
Switzerland (59)	101.54	−0.8	83.82	79.50	84.21	89.17	+0.0	2.24	102.40	84.01	79.75	84.52	89.16	103.50	82.17	90.14
United Kingdom (234)	180.81	−0.5	149.26	141.54	149.92	149.26	+0.1	4.98	181.81	149.17	141.57	150.04	149.17	187.44	156.27	163.96
USA (523)	169.31	−0.6	139.76	132.55	140.40	169.31	−0.6	2.89	170.35	139.76	132.67	140.60	170.35	171.66	125.95	135.47
Europe (813)	146.80	−0.6	121.18	114.93	121.74	122.10	+0.0	3.94	147.69	121.17	115.02	121.90	122.09	151.52	125.50	133.57
Nordic (102)	184.99	−0.6	152.70	144.82	153.40	151.64	+0.1	2.13	186.10	152.69	144.93	153.59	151.46	200.81	155.55	170.55
Pacific Basin (717)	130.90	−0.1	108.06	102.48	108.55	104.11	+0.4	1.17	131.02	107.50	102.03	108.13	103.68	145.92	117.88	127.01
Euro—Pacific (1530)	137.56	−0.3	113.55	107.68	114.06	112.02	+0.2	2.35	137.99	113.21	107.45	113.88	111.75	147.66	121.29	130.02
North America (638)	167.48	−0.6	138.26	131.13	138.91	165.82	−0.6	2.89	168.49	138.24	131.23	139.06	166.80	169.69	125.91	134.88
Europe Ex. UK (579)	126.10	−0.6	104.09	98.74	104.59	106.30	+0.0	3.20	126.92	104.13	98.88	104.77	106.33	129.80	103.58	114.97
Pacific Ex. Japan (244)	153.47	+0.4	126.69	120.17	127.28	138.36	+0.7	3.84	152.90	125.45	119.09	126.21	137.43	153.49	111.40	117.56
World Ex. US (1724)	139.87	−0.3	115.47	109.51	115.99	114.20	+0.2	2.37	140.30	115.11	109.27	115.80	113.96	148.16	122.32	130.61
World Ex. UK (2013)	145.69	−0.4	120.27	114.06	120.82	129.37	−0.1	2.29	146.26	120.02	113.93	120.74	129.52	150.58	120.06	128.05
World Ex. So. Af. (2186)	148.00	−0.4	122.18	115.88	122.74	130.78	−0.1	2.56	148.63	121.95	115.76	122.88	130.90	153.05	122.92	130.98
World Ex. Japan (1774)	160.80	−0.5	132.74	125.90	133.38	148.61	−0.3	3.29	161.66	132.64	125.91	133.45	149.06	161.90	126.69	134.35
The World Index (2247)	148.75	−0.4	122.80	116.46	123.36	131.26	−0.1	2.57	149.38	122.56	116.34	123.30	131.40	153.70	123.28	131.24

Latest prices were unavailable for this edition.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]						

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]						

BRITISH FUNDS - Cont.

Index – Linked

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield (1)	Yield (2)
[illegible]						

OTHER FIXED INTEREST

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]						

LONDON SHARE SERVICE

AMERICANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	35½xd	+⅛	36⅝	20⅞	14,987	1.5
♥Allegheny & W	263p	-7	365p	218p	136.7	6.1
Amdahl	920pxd	-23	1018p	667p	1,021	0.6
Amer Cyanamid	34¼	[illegible]	42½	25⅝	3,178	2.3
Amer Express	12⅝xd	[illegible]	17⅞	9[illegible]	5,821	4.3
Amer T & T	22⅝xd	—	24½	15¼	28,225	3.1
Ameritech	39⅛	+⅛	39⅞	32½	15,816	5.0
BankAmerica	21¾xd	[illegible]	25[illegible]	12[illegible]	4,728	3.0
Bankers NY	35¼xd	+⅝	38[illegible]	20[illegible]	2,937	7.3
Bell Atlantic	26½xd	+½	30½	24¼	10,421	5.1
BellSouth	28⅝	—	31¼	25	13,884	5.1
♥Bethlehem Steel	8¾xd	—	11¼	6[illegible]	686.9	2.4
Bowater	1396p	-18	1596p	1042p	468.1	4.9
CPC	47⅞xd	+¼	54[illegible]	37[illegible]	3,618	2.4
California Engy	772p	+41	936p	430p	148.5	—
Campbell Soup h	22⅞	+1[illegible]	25	14⅝	5,769	1.6
Chase Manhattan	12xd	[illegible]	12¾	5[illegible]	1,631	5.3
Chrysler	7⅛xd	[illegible]	9[illegible]	5⅜	2,042	4.5
Citicorp	8¼xd	+¼	10⅜	4⅝	2,838	—
Colgate-Palm	26½xd	-⅛	27⅝	21[illegible]	3,854	2.1
Cont'l Bank	762p	-5	828p	430p	709.4	8.1
Dana	17¾xd	+⅛	21⅝	13⅝	722.0	4.8
Data General	674p	-211	1202p	203p	186.0	—
Digi	27⅞xd	+1[illegible]	27⅞	12⅞	1,189	2.7
Dun & Brad	31½	—	31⅝	20¾	5,821	3.7
Eaton	37⅝	[illegible]	40	24¾	1,272	3.1
Echlin	8¾xd	—	8[illegible]	5½	408.6	4.3
FPL	19¾xd	—	20⅛	14[illegible]	3,284	6.6
Fluor	28xd	[illegible]	30[illegible]	17[illegible]	2,104	0.8
Ford Motor	17¾xd	[illegible]	23[illegible]	13	8,482	3.0
Gen Elect	44⅜xd	+⅜	46[illegible]	29[illegible]	38,455	2.6
♥General Host	436p	-14	590p	270p	—	4.4
Gillette	28⅝xd	—	45¾	20⅞	6,289	1.2
Hasbro	22	-⅛	24	7[illegible]	1,261	0.6
Honeywell	40½xd	+⅜	40½	21¾	2,824	2.2
Houston Inds	24⅛	+⅜	24¼	17⅞	3,118	6.5
IBM	52[illegible]xd	[illegible]	72[illegible]	46	30,873	4.9
Ingersoll-Rand	33¼xd	[illegible]	33¾	18[illegible]	1,723	2.1
Lockheed	24¼xd	[illegible]	28⅛	16⅞	1,535	4.4
Lowe's	2149p	+14	2239p	1245p	782.5	1.4
Merrill Lynch	38⅜xd	+1⅛	39[illegible]	10[illegible]	3,734	1.5
Morgan (JP)	35¼xd	[illegible]	38¼	21[illegible]	6,657	3.3
Morris (Philip)	43⅛xd	[illegible]	44⅝	25[illegible]	39,928	2.6
NYNEX	42¼	[illegible]	46¾	39	8,772	5.6
♥Pac Agric	28½p	[illegible]	65p	15p	—	—
Pall	17½	[illegible]	17[illegible]	10[illegible]	1,585	1.1
Pennzoil	30xd	[illegible]	40[illegible]	28[illegible]	1,212	5.3
Quaker Oats	36¾	[illegible]	40[illegible]	24⅞	2,989	2.4
Rockwell	15[illegible]xd	[illegible]	17[illegible]	12⅛	3,494	3.2
Rep NY	25	[illegible]	27[illegible]	16½	1,390	2.1
Sears, Roebuck	22xd	[illegible]	25[illegible]	12[illegible]	7,914	4.6
Sthwestern Bell	34⅝xd	[illegible]	35⅞	25⅝	10,361	4.4
Sun Co	15⅛xd	[illegible]	20¼	14⅛	1,718	6.0
Tenneco	20[illegible]xd	[illegible]	27⅛	14⅞	2,487	4.2
Texaco	34⅛xd	[illegible]	40½	29[illegible]	8,828	5.0
Texas Instr	20⅛xd	+1	28⅛	14⅛	1,049	1.9
Time Warner	52xd	+½	64½	37⅞	4,091	1.0
TRINOVA	12½xd	[illegible]	15⅝	8[illegible]	362.8	2.9
♥Unilab	389p	—	555p	250p	472.6	—
Utd Tech	29⅝xd	-1	31½	22⅜	3,461	3.4
♥UtiliTech	69p	—	92p	42p	—	—
US West	21[illegible]	+⅛	23	18¾	8,084	6.3
Varity	829p	+4	1410p	578p	208.9	—
Waste Manage	24[illegible]xd	[illegible]	26⅞	16⅝	11,789	0.9
Whirlpool	2482p	+85	2498p	1053p	1,866	2.4
♥Woolworth	18[illegible]	[illegible]	28[illegible]	12¾	2,144	3.6

CANADIANS

Notes	Price £	+ or -	1991/92 high	low	Mkt Cap £m	Yld Gr's
♥Abbot Energy	2p	—	1½p	1⅞p	—	—
Amer Barrick	1541p	-45	1642p	850p	2,184	0.8
Bk Montreal	22⅛	[illegible]	23¼	13	2,541	8.2
Bk Nova Scot	1064pxd	[illegible]	1176p	936p	2,138	4.4
♥BC Gas	657p	+12	679p	639p	—	3.8
BCE	23¾	[illegible]	24½	17¼	7,361	6.5
♥Brascan	958p	[illegible]	16½	647p	763.8	5.9
♥Breakwater	14p	-2½	28p	6p	8.90	—
Can Imp Bk	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING - AEROSPACE

ENGINEERING - GENERAL

ENGINEERING - GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

MISCELLANEOUS - Cont.

OIL & GAS - Cont.

PACKAGING, PAPER & PRINTING - Cont.

STORES - Cont.

MINES - Cont.

TELEPHONE NETWORKS

OTHER FINANCIAL

TEXTILES

PROPERTY

MEDIA

MOTORS

TRANSPORT

Ovoca Gold IE							
Pleteau	77	—				2.08	—
RTZ				404			5.0
Thorco Res	4¾	—	11	3¼	—	—	
Vizcaya	2½	—	10	2	1.34	—	
Western & Pac C$			182	7	10.4	—	
Young Grp		—		105	18.2	6.4	

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise indicated. Highs and lows are based on mid-day mid prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols relating to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT at 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are traded on SEAQ International.
● "Tap Stock."
* Highs and lows marked thus have been adjusted to allow for rights issues for cash.
† Interim since increased or resumed.
‡ Interim since reduced, passed or deferred.
‡‡ Tax-free to non-residents on application.
♦ Figures or report awaited.
♥ Not officially UK listed; dealings permitted under rule 535(4)(a).
◊ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially UK listed; dealings permitted under Rule 535(2).
# Price at time of suspension.
¶ Indicated dividend yield after pending scrip and/or rights issue.
♠ Merger bid or reorganisation in progress.
§ Forecast dividend yield; p/e based on earnings updated by latest interim statement.
♣ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings.
v Subject to local tax.
x Dividend yield includes a special payment
y [illegible]
F Yield based on prospectus or other official estimates for 1990-91
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1991.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1991-92.
N Yield based on prospectus or other official estimates for [illegible].
P Figures based on prospectus or other official estimates for 1991
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

MERCHANT BANKS

WATER

SOUTH AFRICANS

METALS & METAL FORMING

OIL & GAS

OTHER INDUSTRIAL MATERIALS

PLANTATIONS

STORES

MINES

PACKAGING, PAPER & PRINTING

MISCELLANEOUS

FINANCIAL TIMES
Weekend January 25/January 26 1992

Steetley share price falls on fears of MMC investigation

By **Andrew Taylor** in London and **Andrew Hill** in Brussels

THE SHARE price of Steetley, the British building materials group, yesterday fell 37p to 332p on fears that a hostile £800m takeover offer from Redland might be referred to the Monopolies and Mergers Commission.

The fall occurred after Mr Peter Lilley, Britain's trade and industry secretary, sought permission from the European Commission to allow UK authorities to consider the monopoly implications of a rival plan to merge Steetley's brick, clay roof-tile and concrete products businesses with those of Tarmac, another large British building materials group.

It is the first time the UK government has made such a request under EC merger regulations which came into force in September 1990. Mr Lilley told the EC the Steetley/Tarmac joint venture raised competition issues in the UK brick and clay roof-tile markets.

Mr Andrew Melrose, London construction analyst for Nomura, the Japanese securities house, said last night: "Clearly Mr Lilley is concerned about monopoly considerations in these markets and it seems unlikely that he would not regard the Redland bid in a similar light."

The share price of Redland, which also has UK brick and clay tiles interests, yesterday fell 5p to 465p, and Tarmac fell 5p to 118p. It was the announcement in December of the Steetley/Tarmac joint venture which prompted Redland to announce its bid.

The EC's merger control task force is already looking at the Tarmac joint venture, which fell automatically under its jurisdiction because of the size of the two companies. Redland's bid for Steetley, because the combined turnover of the two companies is smaller, is not being examined.

Under EC merger regulations, a national takeover authority can ask Brussels for the right to examine a deal itself if it believes the merger affects a "distinct market" within the member state.

The Commission can override that request, as has already happened in the case of a merger between two German battery manufacturers.

The UK Office of Fair Trading is currently considering whether to refer the Redland bid to the Monopolies and Mergers Commission. A reference would mean that the bid would lapse while an inquiry was carried out. This could take several months.

Steetley told its shareholders this week that the joint venture with Tarmac, to be called Allied Building Materials, would control 17 per cent of the British brick market and 13 per cent of the clay tile market.

Redland has said that its takeover of Steetley would leave it with 16 per cent of the brick market and 60 per cent of the clay roof tile market. It has indicated to the Office of Fair Trading that it would be prepared to reduce its market share in the clay tile market.

Slump in sales drives Porsche down market

By **Quentin Peel** in Bonn

PORSCHE, the German sports car manufacturer whose vehicles have become symbolic of conspicuous consumption, is going down market to cope with the economic squeeze.

A new series of cheaper cars, selling below the current Porsche price range, is to be introduced in an attempt to break into a new more modest customer market, the company announced last night.

At the same time the Stuttgart-based manufacturer is to put 4,000 workers on to short time, following a slump in its 1991 sales to 26,200 – 4,000 fewer than in 1990, and little more than half the 50,000 vehicles it sold in the golden year of 1986.

Porsche said its alternative plan to introduce a "two-plus-two" larger sports car to complement its two-seater range was being put on ice until the market picked up.

"This change in direction of model policy is a reaction to the changed consumer behaviour in the highest price and market sectors," a sober company statement confessed. "Sharper competition has forced Porsche to examine its work structure with the aim of making lasting economies."

On Wednesday, Mr Arno Bohn, chief executive of Porsche, revealed a drop in net profits to DM17.1m (£5.9m) to the end of July, from DM57m in the previous year. He forecast that production this year would fall to 25,000 cars, and there would be no improvement in profits.

Lotus Cars sheds 70 more jobs..........Page 4

The real collapse in the Porsche market has been in the US, where five years ago 68 per cent of its output was sold. That is now running at just 4,400 cars a year, or 23 per cent of production, with the situation aggravated by the weakness of the dollar against the D-Mark.

The company gave no clue last night what its new model would look like. The official statement said simply that it would be "on a technically different basis" to the present 968, 928 and 911 models.

As for the substantial research and development work done on the originally intended "two-plus-two", the whole series will benefit from the innovations, Porsche said.

Ironically, the suffering of the luxury sports car company coincides with figures revealing 1991 as the all-time boom year for the German motor industry, thanks to the explosion of demand in the former East Germany.

Sales of new cars hit 4.16m for the whole of united Germany, registering a 12.8 per cent increase in the west alone to 3.43m, a record for the second successive year.

That surge in sales is not expected to last and most analysts expect a drop back to more normal levels in 1992, with a sharp drop in growth in the western economy.

Thousands of black South Africans demonstrated yesterday at the opening of the white-dominated parliament while inside President F.W. de Klerk reiterated his offer to bring blacks into the legislature as soon as possible. He did not give a timetable for reform, but repeated his commitment to put important constitutional changes to a referendum, a process rejected by the ANC. Report, Page 3

Recovery seen in home market

Continued from Page 1

director of Beazer Homes, the third-largest housebuilder in the country, says: "Sales during the first few weeks of this year are up by 10 per cent. This, however, is compared with last January when sales were depressed during the run-up to the Gulf war. We are encouraged. I do believe the bottom of the market has been reached but it is still too early to talk of a recovery."

Halifax, Britain's biggest building society, says that the increase in activity is no more than might be expected at this time of year. But it adds that an improvement in the economy is required before there will be an increase in confidence in the housing market.

Sir Lawrie Barratt, executive chairman of Barratt which last year announced a £106m pre-tax loss, is more optimistic: "Visitor rates through our sites are up 40 per cent on a year ago and sales are up 10 per cent. House prices in relation to earnings are at the lowest level since the early 1980s. Confidence is returning and we are forecasting that house prices will rise by about 5 per cent this year."

Estate agents say that falls in mortgage interest rates and the government's decision to abolish stamp duty on most house purchases for eight months may have helped stimulate interest.

Mr Malcolm Duffey, residential manager of Jackson Stops & Staff in East Anglia, reported increased regional demand for houses priced between £200,000 to £300,000. He said: "This may indicate that professional managers able to afford these homes are taking the view that prices will not fall any further."

Other agents said that while falling prices and interest rates had made homes more affordable, fears of job losses made it more difficult to achieve sales. Most said that prices were unlikely to rise even if the sales improvement was sustained – such is the backlog of properties to be sold.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
Holzmann	940	+	37.5
Linotype	347.8	+	8.8
Porsche	617	+	17
Falls			
Asko	640.5	–	15.5
Bilfinger	931	–	19
Lahmeyer	780	–	15
New York ($)			
Rises			
Adaptec	27¼	+	3⅞
Cirrus Logic	18¾	+	1
Dow Jones	30⅜	+	1½
Kimberly-Clark	49⅛	+	1⅞
Orion	3⅝	+	1⅛
Falls			
Delta Wood	15¼	–	2⅞
New York prices at 12.30pm			
Paris (FFrs)			
Rises			
Axa	908	+	27
Chargeurs	1014	+	44
GTM	353.5	+	14.5
Orsan	210	+	10
Paribas	358	+	19
Falls			
Radiotech	471.1	–	18.8
Tokyo (Yen)			
Rises			
Nippon Chemi	710	+	50
Snow Brand	590	+	40
Falls			
Mazda Motor	462	–	33
Nagasakiya	1580	–	110
Press Kogyo	500	–	56
Sekisui Kasei	570	–	39
London (Pence)			
Rises			
Cannon St Invs	26	+	5
Cassidy Bros	66	+	8
Lloyds Chemists	330	+	14
Macarthy	293	+	12
Quadrant	56	+	3
Falls			
Amber Day	83	–	10
BAA	541	–	15
BET	171	–	8
Brit Aerospace	283	–	15
City Site Ests	65	–	13
Eurocopy	82½	–	17½
Lonrho	120	–	43
MS Intl	23	–	8
Regency Cookers	29	–	3
Pilkington	136	–	7
Proteus	174	–	9
Radamec	36	–	7
Steetley	332	–	37
Tarmac	118	–	5
VSEL Consortium	408	–	23
Wace	177	–	8
Wembley	33½	–	3½
Whitegate Leis	9	–	3

G7 meeting

Continued from Page 1

cent and German money supply growth slows to safely within the central bank's target range, the way could be open for a cautious lowering of interest rates later this year.

Following this week's Washington conference on humanitarian assistance for Russia and the other ex-Soviet republics, it is expected that the US, Japan, Germany, France, Britain, Italy and Canada will start discussing the possibility of large-scale financial assistance for the countries of the former Soviet Union.

There will be no final decision today on financial support, because there is general agreement that the republics have not yet implemented adequate economic reforms to make such aid effective. The G7, however, will try to reach agreement on how to admit the republics to membership of the International Monetary Fund as quickly as possible.

Here too there are problems. The lack of reliable statistical data, the rapid decline of the former Soviet economies, Russia's size and the large volume of trade among the republics could cause difficulties when it comes to fixing their quotas, or membership subscriptions, to the fund.

As always with G7 meetings, the ministers will discuss the state of currency markets and recent US-Japanese moves to curb the dollar's rise against the yen. However, it is unclear whether Mr Tsutomu Hata, the new Japanese finance minister, will agree to a statement urging a stronger yen on currency markets.

Japan-US summit to discuss financial stability

By **Stefan Wagstyl** in Tokyo and **Alan Friedman** in New York

MR Yasushi Mieno, governor of the Bank of Japan, will meet Mr Gerald Corrigan, president of the Federal Reserve Bank of New York, late next month to discuss international financial issues, including the stability of the financial systems in the US and Japan.

The meeting, which the New York Fed said would be held at its Manhattan offices on February 20 or 21, comes amid widespread anxiety about the health of banks, sharp falls in prices in worldwide property markets and the weakness of the Japanese stock market.

The New York Fed has responsibility in the US Fed system for relations with foreign central banks and is the institution that holds $260bn (£145.6bn) of US Treasury securities for foreign central bank and monetary authorities.

The two central bankers and their deputies are expected to discuss ways to prevent failure of an institution in one country triggering the collapse of markets and banks elsewhere in the world and endangering the whole financial system.

Possible counter-measures include exchanging information on troubled institutions, improving the foreign exchange settlement procedures in Japan and New York and greater co-ordination between the US and Japanese monetary authorities.

The Bank of Japan confirmed that it had received an invitation for the meeting at the New York Fed. A Bank of Japan official said that, given the state of the international financial markets, it would "not be surprising" if financial stability was on the agenda.

The Japanese press has said the measures for countering financial instability would include extending the trading hours of the Tokyo foreign currency markets in the evening and of the New York markets in the morning so that yen-US dollar currency trades could be settled at the same time. This would help banks avoid holding positions unnecessarily after markets had closed.

In Washington, a spokesman for Mr Alan Greenspan, chairman of the Federal Reserve Board, said a meeting between Mr Greenspan and Mr Mieno about the same time "is not now on our agenda" although the two men will meet in Garden City, New York, at today's meeting of finance ministers of the Group of Seven leading industrial nations.

Mr Corrigan, who is chairman of the Basle committee on banking supervision, may also discuss with Mr Mieno ways of tightening international bank regulation in the wake of the scandal over the Bank of Credit and Commerce International (BCCI).

An internal paper on the subject was recently completed and is expected to be a topic of forthcoming monthly meetings at the Bank for International Settlements (BIS) in Basle.

Counterfeit

Continued from Page 1

Sophisticated and accessible new technology, in particular colour photocopiers, has been blamed for recent increases in the amount of counterfeit currency in circulation leading to more discoveries, such as a record quantity of forged Dutch banknotes seized in north London last week.

Mr Black said forgery had become "a thousand times easier" with the advent of high definition four-colour photocopiers. The IRA is thought to use colour photocopiers to forge tax exemption certificates which are used to defraud the Inland Revenue, and it may also be involved in currency counterfeiting.

To combat the rise in counterfeiting, many countries have been introducing new notes with design changes intended to deter forgers. An improved $100 bill with a polyester security thread and microscopic printing was launched last summer, but it will not come into full circulation for a number of years.

THE LEX COLUMN

Yielding to second thoughts

The London market's confidence in recovery is apparently not quite so robust after all. Last week's star performers were high-yielding recovery stocks. This week the process was reversed, as a result of nothing more significant than a dividend cut from Lonrho, a medium-sized and notoriously eccentric conglomerate. Yesterday the FT-SE fell by just 0.6 per cent. The 10 highest yielders in the index, Lonrho excepted, fell by an average 2.4 per cent.

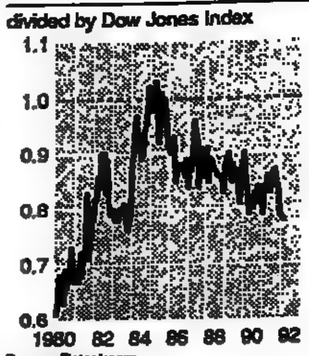
And yet nothing much in the general background has changed. Sterling is out of immediate danger at some 9 pfennigs above its D-Mark floor. Wall Street and Tokyo have been plunging around aimlessly, but both ended only modestly down on the week. The outcome of the German wage round and the Bundesbank's reaction to it remain anybody's guess. The UK consumer remains in hiding, despite the fact that real income in aggregate – that is, allowing for unemployment – is probably up slightly on a year ago. The prospect of a March 10 budget is neither here or there. The best way for the government to stimulate the consumer would be to get the election out of the way.

All the while, London's preoccupation with Wall Street looks ever more of an anachronism. As the chart shows, the correlation between the two markets breaks down in the face of broad economic change, as in the 1980s. The ERM represents the biggest change yet. To appreciate how big, it is only necessary to ask what the effect would be on the London market if base rates went to 3.5 per cent and sterling were sharply devalued. These are the conditions being enjoyed by US equities: and even so, it appears, Wall Street finds it hard to make further headway.

FT-SE Index: 2,510.4 (−14.9)

FT-SE 100 Index

divided by Dow Jones Index



Source: Datastream

Redland/Steetley

Not surprisingly, the market was confused by yesterday's news that the UK authorities want to take their own look at the Tarmac-Steetley joint venture. Either the secretary of state cannot resist an opportunity to score a few points off Brussels, or he is taking a pot shot at the whole UK building materials industry. Both, after all, are familiar targets.

Assuming the latter, the implications go well beyond the likely referral of Redland's bid for Steetley over competition in UK bricks and tiles. With the whole sector flat on its back – and still showing no sign of recovery – the joint venture proposal and the Redland bid look like deliberate attempts to begin rationalisation with the least possible disruption to corporate balance sheets. If these are now to be frustrated by a government already suspicious about cartels in ready mixed concrete and the like, the major players will presumably have to get rid of the excess capacity on their own. That would almost certainly be a slower process, presumably involving bigger write-downs in the absence of acquisition accounting.

Of course, it may not come to that. If both the bid and the joint venture end up being investigated, much may depend on whether the OFT looks at national or regional market shares. In the Steetley-Tarmac case, moreover, Brussels could yet refuse to cede its authority back to the UK. Until the politics become clearer, the Steetley shares are probably best left to the speculators.

UK tax

High among the budget hopes of many a corporate treasurer must be a lower burden of unrelieved advance corporation tax (ACT). According to the London Business School, this is growing at the alarming rate of over £400m a year. The severity of the UK recession means many companies are generating an ever larger proportion of their profits overseas. Since they have not enough mainstream UK tax liabilities to offset the levy on dividends, the effective tax rate on their profits has increased even as recession deepened.

A decision by the chancellor to attack this anomaly would unravel the distortions it has created in corporate investment and borrowing. But it should be welcome to investors too. Not only could dividend payments be increased without fiscal penalty; the lower effective tax rate would also increase net income and thus companies' market value.

Unfortunately this looks like too arcane a measure for a budget designed to grab the ordinary voter's attention. It also sits ill with official concern about excessive dividends in recession, while Mr Lamont will doubtless have noted that the present regime encourages investment at home rather than overseas. Other changes would have more targeted stimulatory effect. The Institute for Fiscal Studies, for example, is homing in on the uniform business rate, from which enterprise zones like Canary Wharf will shortly lose exemption. If the chancellor does pass up the ACT opportunity, however, last year's fall in UK profits will raise the taxed cost of dividends for many companies in 1992, thus putting yet more pressure on payouts.

BT

The imminent pricing review by the telecoms regulator makes it a difficult time to value BT. But its shares have underperformed the market by a fifth since October, mainly because its high profits and return on capital make it unusually vulnerable to interference. The question is whether the market has overlooked a simple way in which the group might try to strengthen its defences.

According to Robert Fleming, BT's high profitability is partly due to the abandonment of the group's traditional depreciation policy when it was privatised in 1984. At the same time, the balance sheet was altered by heavy asset write-downs and one-off charges to reserves. These changes had the double effect of increasing BT's reported profits and raising its return on capital. During the pricing review, it would be quite reasonable for BT to propose an acceleration of its depreciation rates. After all, other European telecoms companies, particularly Deutsche Telekom, have already implemented a similar policy, basing their arguments on shorter technological lifespans. The dampening effect on BT's profits would relieve the political and regulatory pressure, while the group's enormous cash flow would be unaffected. If Oftel could be persuaded to sanction such an old-style piece of creative accounting, it should be worth something on the price.

WORLDWIDE WEATHER

UK today: Mild in the north but the south will have another cold day with early frost and freezing fog. Rain from Scotland will edge into Northern Ireland, northern England and Wales but will die out before it reaches the south. After the rain, drier, clearer and colder weather will spread into northern Scotland.

		°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	16	59	Bordeaux	F	8	46	Dallas †	S	2	36	Innsbruck	S	4	39	Madeira	C	17	63	Nairobi	F	27	81	Prague	C	-1	30	Tel Aviv	S	12	55
Algiers	C	9	48	Boulogne	S	0	32	Dublin	F	8	46	Inverness	F	6	43	Madrid	S	5	41	Naples	F	11	52	Reykjavik	F	0	32	Tenerife	F	19	66
Amsterdam	Fg	-3	27	Bristol	S	2	36	Dubrovnik		–	–	Isle of Man	C	5	41	Majorca	F	12	54	Nassau		–	–	Rhodes	S	15	59	Tokyo	S	9	48
Athens	F	12	54	Brussels	S	-1	30	Edinburgh	F	5	41	Istanbul	Dr	5	41	Malaga	S	15	59	Newcastle	C	-1	30	Rio de Janeiro		–	–	Toronto †	Sn	-3	27
Bahrain	S	12	54	Budapest	S	3	37	Faro	S	11	52	Jersey	S	4	39	Malta	C	17	63	New Delhi	S	23	73	Rome	C	13	55	Tunis	F	15	59
Barcelona	R	7	45	Buenos Aires		–	–	Florence	C	10	50	Johannesburg		–	–	Manchester	C	-1	30	New York †	S	5	41	Salzburg	S	0	32	Valencia	F	9	48
[illegible]				[illegible]				[illegible]				[illegible]				[illegible]				[illegible]				S Francisco †	S	3	37	Vancouver †	C	7	45
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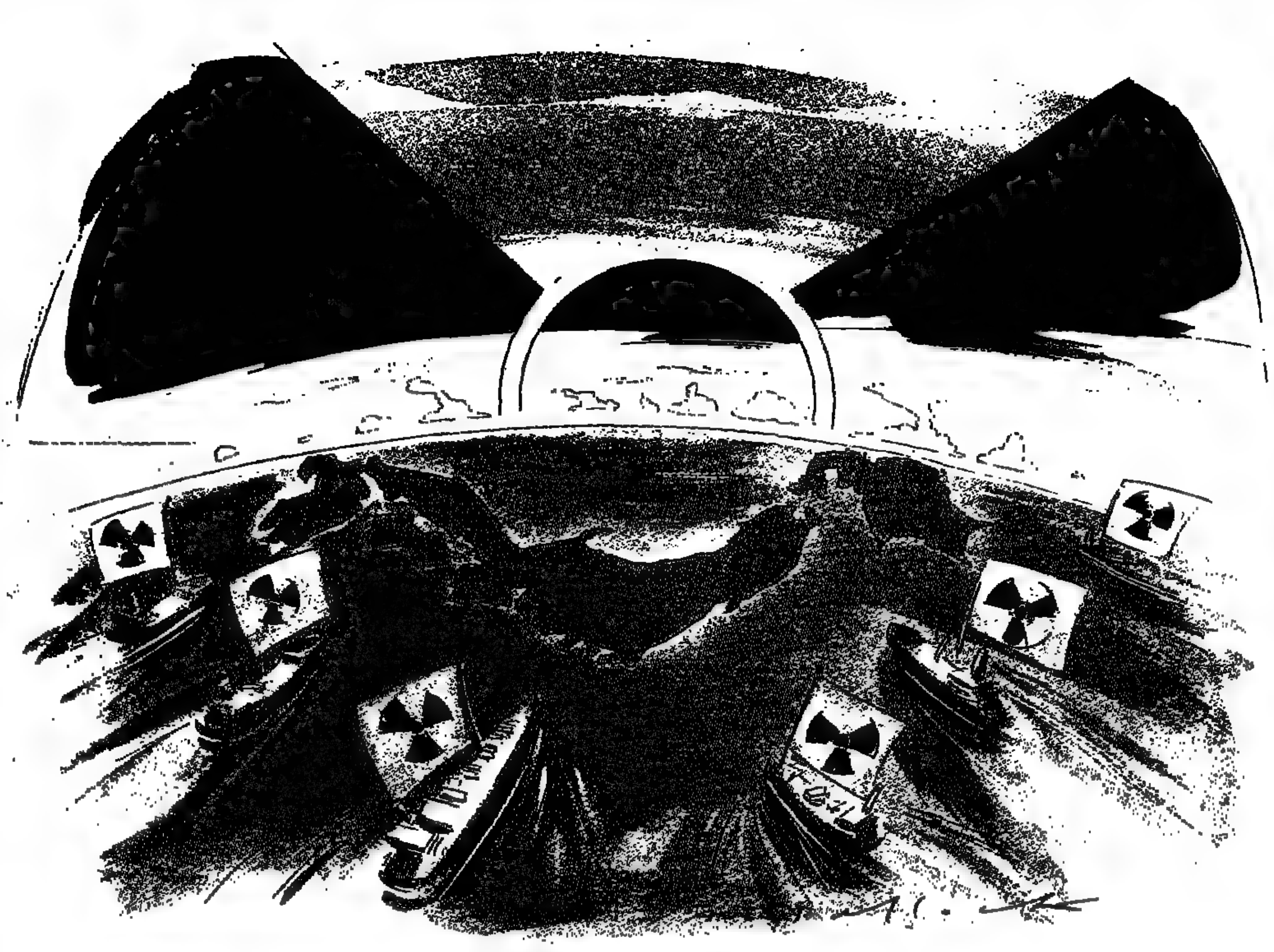
[illegible]				[illegible]				[illegible]				[illegible]				[illegible]				[illegible]				Stockholm	S	-3	27	Warsaw	C	0	32
[illegible]				[illegible]				[illegible]				[illegible]				[illegible]				[illegible]				Strasbourg	S	-3	27	Washington †	S	3	37
[illegible]				[illegible]				[illegible]				[illegible]				[illegible]				[illegible]				Sydney	Dr	21	70	Wellington	S	23	73

Weekend FT

SECTION II

Weekend January 25/January 26 1992

The Tokyo government is amassing huge stocks of plutonium. **Michael Cross** asks: should the world be worried?



Japan sidles towards a nuclear future

ONE DAY this autumn, an extraordinary convoy will leave the French port of Cherbourg. It will comprise the freighter *Pacific Crane*, owned by a British-Japanese joint venture, and the patrol boat *Shikishima*, armed with 35mm cannon and 20mm machine-guns and operated by Japan's Maritime Safety Agency. The *Pacific Crane's* cargo will be enough plutonium to build 120 crude nuclear bombs.

The voyage – the first of many over the next 20 years from Cherbourg and the north-west English port of Barrow-in-Furness – is part of a process by which Japan seems set to accumulate the world's largest stockpile of the deadly element. At a time when unpredictable new regimes are taking over the former Soviet arsenal, the prospect of stable and pacifist Japan becoming a nuclear power might not sound alarming. But any steps it takes along the road towards the capability of building nuclear weapons could have profound international consequences.

Thomas Cochran, head of nuclear affairs at the US Natural Resources Defense Council, says Japan's activities "will greatly restrict efforts in the US and Soviet states to eliminate stockpiles of weapons material." Meanwhile, the presence of a Japanese stockpile of plutonium could give the Koreas and Taiwan an excuse to continue their efforts to develop bombs.

The movement of plutonium is a temptation to terrorists or rogue governments in search of nuclear weapons. Shipments also raise the possibility of spilling or otherwise losing plutonium at sea. Such materials can go astray, as was shown by the disappearance of 10 kilogrammes of enriched uranium from inventories at the Dounreay reactor in Scotland. With the right knowledge – perhaps from an unemployed Russian – eight kilogrammes of civil-grade plutonium is enough to make a bomb.

Of course, the Japanese government has no intention of mishandling plutonium, much less of building nuclear weapons. It has always complied strictly with international rules to combat nuclear proliferation. The government's Atomic Energy Commission, which sets nuclear policy, states that it is a "national principle" for Japan not to possess more plutonium than needed in civil power stations.

Critics say, however, Japan is setting in motion the machinery to obtain plutonium much faster than it can be consumed. By the most alarming estimates, more than 100 tonnes will pile up, half of it shipped from British and French reprocessing plants, the rest produced locally. This is more plutonium than exists in the nuclear weapons of either the US or former Soviet states. "Japan will become the world's number one plutonium country," says Dr Jinzaburo Takagi, a former nuclear scientist who runs his country's most prominent anti-nuclear group, the Citizens' Nuclear Information Centre.

Japan committed itself to the plutonium economy 25 years ago. Most other rich nations shared the dream. Nuclear pioneers saw the plutonium cycle as the most efficient way to tap energy from a limited supply of uranium. Technically their arguments remain sound. But political and economic priorities have changed. Falling prices of uranium, coupled with fears about the proliferation of nuclear weapons, caused the US to abandon its civil plutonium programme. The Soviet Union, after Chernobyl, followed suit and protest killed Germany's efforts. Britain and France retain a commitment to reprocessing but have had second thoughts about fast-breeder reactors.

Japan, obsessed with the need to import 80 per cent of its energy – and with its celebrated ability to plan for the long term – keeps the faith. The country has in service 39 commercial reactors, almost all pressurised-water and boiling-water models adapted from US designs. Work is proceeding at a furious pace on 11 more using giant pipe-laying robots, the world's largest cranes and armies of workers. But, in Japanese eyes, all this effort has little point so long as the country needs to import its uranium and send fuel overseas for processing. To attain true independence, Japan must "close the nuclear fuel cycle."

The centrepiece of this effort is a gigantic plant being built near the village of Rokkasho, at the northern end of Honshu. The 1,000-acre (400-hectare) site houses plants to enrich uranium and store and reprocess fuel to extract plutonium, as well as a dump for low-level nuclear waste. It will cost about Y840bn (£3.7bn).

The final link is the fast-breeder reactor, which runs on a mixture of plutonium and uranium – and contains, in its spent fuel, more plutonium than went in. Japan's first electricity-generating breeder, named Monju, is having final tests on the Tsuruga peninsula, 250 miles west of Tokyo. Fast breeders are powerful but very expensive. An ordinary power station releases 1 per cent of the energy in its fuel; a fast-breeder can, theoretically, extract 80 per cent. According to the plan, fast-breeders will become the standard power station in Japan, assuring energy supplies for thousands of years.

Fuel for the first generation of fast-breeders will contain plutonium extracted by reprocessing the spent fuel of conventional reactors. Since the 1970s, spent fuel from Japan's power stations has gone to Sellafield in Cumbria (near Barrow-in-Furness) and Cap de la Hague (near Cherbourg in Normandy) for reprocessing. During the 1990s, new plants to handle fuel from light-water reactors come on stream in both countries. They will process 4,500 tonnes of Japanese fuel to produce 37 tonnes of plutonium. In signing the reprocessing contracts, Japan undertook to remove both the plutonium and high-level waste.

So far, only one load of plutonium has gone back to Japan, – in 1984, under the escort of the US and French navies. The original plan was to transport it by air, but that would have needed permission from the US government because the fuel originated from US uranium. Washington refused to set technical standards for airborne containers. In 1988, Congress approved shipments of plutonium only if they travelled by sea, with an armed escort – which the US refused to provide.

Sending the Japanese navy around the world would, however, alarm neighbouring countries and outrage opinion at home. The government decided it would be unconstitutional, anyway, and gave the job instead to the Maritime Safety Agency, a coastguard force. It also spent Y20bn on a new ship, the 6,500-tonne *Shikishima*. (Ironically, after deciding to build the *Shikishima*, the government sent minesweepers to the Gulf).

Ferrying the plutonium is the job of Pacific Nuclear Transport, a company owned by British Nuclear Fuels and Japanese investors. PNT has five ships which take spent fuel from Japan to Europe. One of these, the *Pacific Crane*, recently was modified to strengthen its cargo hold and Greenpeace, the environmentalist group, believes this will be the plutonium-carrier.

The question remains: what to do with the plutonium cargoes? Japan already has enough in stock to start up Monju but, even if the breeder performs flawlessly, it will be a long way from a commercial plant. Tokyo hopes that private industry will pay for the next step, a "demonstration" fast breeder. The government persuaded the country's nine private electrical utilities to spend 20 per cent of Monju's Y600bn cost but they have shown little enthusiasm for funding further work. All this means that fast-breeders will not contribute significantly to the Japanese electrical grid for at least another 40 years.

Last August, Tokyo admitted this by announcing a shift in priorities. It would still bring home its plutonium, but as fuel for ordinary pressurised-water and boiling-water reactors. The Atomic Energy Commission says such a policy "contributes to the preservation of uranium resources and reduces the environmental effects caused by energy consumption." The government intends two light-water reactors to be loaded in the mid-1990s with fuel containing a mixture of plutonium and uranium. It wants private industry to take on the task of making the mixed-oxide (Mox) fuel rods.

Takagi says this is unrealistic: plutonium adds to the difficulty of handling fuel and disposing of waste while Mox is far more expensive than ordinary enriched uranium. The utilities share this scepticism. The switch involves operational changes which might jeopardise their exemplary record of exposing workers to as little radiation as possible. Joining the plutonium cycle would also make commercial nuclear power stations subject to the scrutiny of the International Atomic Energy Authority. Power companies fear that regular visits by foreign inspectors to check fuel-handling would alarm rather than reassure the public.

Several observers are adding-up the figures of Japan's accumulation and consumption of plutonium and, predictably, people opposed to nuclear energy produce the most alarming findings. But one informed analysis is by Tatsujiro Suzuki, a Japanese nuclear engineer at the Massachusetts Institute of Technology's Center for Energy Policy. Suzuki estimates that, by 2010, Japan will have between 80 and 90 tonnes of fissile plutonium: 30 tonnes from Europe, six tonnes from an experimental processing plant near Tokyo, and 50 tonnes from Rokkasho. Over that time, the highest possible consumption will be 40 tonnes. The Atomic Energy Commission says demand will be 80 tonnes but the Citizens' Nuclear Information Centre says it will be only 23.

Japan's quest for the plutonium economy appears expensive and damaging to its international image. It is also a gift to opponents of nuclear power. But many Japanese find such concerns trivial compared with the uncertainty caused by dependency on imported energy.

Tetsuo Kobori, deputy manager of the Monju construction project, articulates a widespread fear: "By the year 2010 or 2015, we will have big international competition, maybe war, over energy. In order to keep peace on earth, we need to develop new energy resources." The fast breeder, he argues, is the only technology on the horizon capable of assuring a virtually inexhaustible and concentrated supply of power.

Such concerns are fading in a generation that has known nothing but prosperity. "Young people here have no sense about energy security, they are just enjoying daily life," Kobori says. Greenpeace Japan, which claims 400 supporters in a population of 120m, also complains about youthful apathy.

While there is no reason to doubt the sincerity of Kobori and his colleagues, anxieties must remain that Japan's enthusiasm for plutonium might at some later date develop into a capacity to build nuclear bombs. Officially, Japan pledges never to build nuclear weapons, never to allow them into its territory, and never to contribute to their development.

Adherence to two of these principles has eroded, though. US ships armed with nuclear warheads visit Japanese ports routinely, although their captains maintain a diplomatic fiction by refusing to confirm or deny they are carrying nuclear weapons. And, until 1987, the reprocessing plant at Sellafield mixed stocks of plutonium from civil and military contracts: plutonium originating in Japanese reactors has ended up in British or US warheads.

Japan has a better claim than most nations to be a responsible nuclear superpower. Thanks to the legacy of Hiroshima and Nagasaki, the idea of building a nuclear deterrent never enters Japan's political agenda. Regular public-opinion surveys on national defence do not even raise the question. If Japan were to move towards the bomb, the important first step – accumulation of a large stockpile of plutonium and advanced rockets – would have happened without any public debate on the issue.

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James Henderson watches the warrior horsemen of Afghanistan battle for power .... Page X

The Long View/**Barry Riley**

Gilts seek a home market

WHATEVER MAY have happened in the economy at large last year, investors had a pretty good time. Consider your company's pension fund, for example. You may still have lingering doubts about whether your bosses, having studied the late Robert Maxwell's methods, are siphoning off the assets. But at least you do not need to have any worries about recent investment performance.

It looks as though the typical UK pension fund enjoyed an investment return – income plus capital gain – of 18 per cent or so last year, making up for the blip in 1990 when returns were slightly negative. The equity and bond markets around the world almost all performed well, and the UK property market was the only real dog.

Because the liabilities of the pension funds will have grown only in line with pay levels, at just over 7 per cent, there has been a margin of surplus. Your boss will be able to enjoy his contribution holiday for a while longer, even if he insists on continuing to deduct your own pension instalments from your pay packet regardless.

You do not easily change a winning investment formula. For many years, British pension funds have been chasing the high returns in the equity market with great success.

The average fund's return over the past ten years has been 16 per cent annually. But the strategy has now become even more extreme.

The latest figures from the WM Company, one of the two specialists which measure pension fund performance, suggest that the proportion of portfolios are invested in equities worldwide is 79 per cent. The rival service Caps, which focuses more on slightly smaller, perhaps more aggressively-run funds, calculates that the proportion is as high as 84 per cent.

Plainly there has been absolutely no response to the full commitment 15 months ago by the UK to the European Monetary System.

One logical result of that should have been a resurgence of fixed income investment in Britain. The persistent high inflation that destroyed the credibility of fixed interest bonds, notably government gilt-edged, was set to become a thing of the past.

Over the past 20 years inflation in the UK has been 9.8 per cent a year, but only 4 per cent in Germany, where investing in bonds is hugely popular.

But British investors are all too conscious of the large-scale robbery which has been a feature of the gilts market over the years. The problem has been pointed out once again this week in the latest annual version of the Barclays de Zoete Wedd long-term equity-gilt study.

Since the war the average real return on UK equities each year has been just over 6 per cent, but has been about minus 1 per cent on gilts. In nominal terms, equities have outperformed on average by 7.5 per cent each year. No contest, at least until we hitched sterling to the DM.

In fact, the EMS has not changed old habits one little bit. The continuing trend towards equities is confirmed by official figures for institutional investment. Last year the Central Statistical Office stopped publishing figures for pension funds because they were suspect. Now it has begun producing a new, improved version.

Since these have magically expanded the cash flowing into pension funds and life assurance companies from £25bn to £35bn a year those stock market strategists who feared a liquidity crisis have been greatly cheered up.

In fact, far from being strained by the £10bn of UK rights issues last year, fund managers had cash to spare to pour into a renewed spending spree in overseas stock markets. The average UK pension fund now has nearly 25 per cent of its portfolio in foreign shares.

The other notable feature has been the continued retreat from gilts. Another £3bn of gilts were sold by pension funds in nine months to September, and they now have at least as much in foreign bonds as in sterling bonds.

In fact the Caps funds now only seem to have 3 per cent in gilts, compared to the 25 per cent they held at the start of the 1980s.

What is the point, say the fund managers, of bothering with fixed interest securities? They do not match the investment objectives of pension funds, which have liabilities linked to pay. Besides, equities will always perform better.

Take 1991, when British inflation tumbled by more than half to 4.5 per cent, which should have been very favourable for gilts, while in the stock market earnings per share tumbled by over 10 per cent, which should have depressed equities. In fact, the UK equity market returned 21 per cent while gilts returned just over 16 per cent.

But there are two reasons to think twice about this approach. One is that although equities do well in conditions of low inflation and strong economic growth, they would not shine in a prolonged period of depression. Equities are now discounting a strong profits recovery. If it does not happen they will fall back, but gilts could continue to prosper. Secondly, the government has a lot of gilts to sell.

Unexpectedly it has slotted in an extra auction next week. So far, it seems, the gilts have been bought mostly by foreigners. But in a year or two a Tory government could be trying to sell at least £20bn net of gilts annually, a Labour regime £30bn or more.

Domestic institutions will have to play their part. But because their attitude is poisoned by the long years of gilt-edged debauchery they may want a better interest rate than has been acceptable to the foreigners.

Some of the big British institutions are shifting their strategies. Norwich Union, for instance, has raised its exposure to bonds somewhat. Yet bond returns are rarely exciting, and will only appear desirable if expectations for equity gains have been scaled right back. Most institutional fund managers have not yet been prepared to take that view.

But the fact that in recent months they have been chasing supposedly greener grass overseas rather than chewing the apparently less digestible cud at home suggests that they are running out of reserves of optimism, although not of cash.

FINANCE & THE FAMILY

London Markets

Tiny Rowland sends his regrets . . .

By Peter Martin, Financial Editor

LONRHO'S announcement of its 1991 results, released after the market closed on Thursday, is a striking document. The stock market was certainly struck by it – as soon as the shares opened on Friday they started falling, and closed the day at 120p, a 30p drop on the week.

The stock market's concerns centred on the announcement's contents: a cut in the final dividend, a withheld first interim dividend, and a 24 per cent drop in pre-tax profits. However, the style of the press release is almost as remarkable as its contents.

The opening page consists of a string of bullet points, in the best American manner. The first of these is the unadorned assertion: "The balance sheet is strong." There is a useful rule of thumb for interpreting a company results announcement: if it begins with the balance sheet, there's bad news in the profit and loss statement. And so it proved in this case, for the third bullet point was the profits confession: "Profits are reduced in a difficult year from £273m to £207m."

But let's just go back to the first bullet point: "The balance sheet is strong." A further bullet point elucidates this: "Gearing 70 per cent, net borrowings virtually unchanged since March 31 1991, with an improvement firmly in view."

There are several interesting features about this sentence. One is that 70 per cent gearing is not, on the face of it, a hallmark of a particularly strong balance sheet.

A second aspect is that behind the statement "net borrowings virtually unchanged since March 31 1991" lies an interesting point. Current bank loans and overdrafts have risen by £109m in the period, to £490m. This has been almost entirely offset by a drop in creditors, current tax and dividends. Add the two lines together, toss in loans due after more than one year, and subtract cash, and you get a total of £1,808m, compared with £1,750m a year before.

This figure has changed very little over the year; but short-term bank borrowing has risen by 29 per cent. It is perhaps as well that an improvement is "firmly in view".

There are two other striking facts about the announcement. One is the influence, beyond the grave, of Robert Maxwell. After what has been revealed of his pension fund manoeuvres, Lonrho went to the trouble of devoting a bullet point to the fact that *its* UK pension funds are managed by independent professional fund managers, and that only £0.8m of the £300m total is invested in Lonrho shares or Lonrho-related companies.

The second is the concluding bullet point: "The board and management regret having to present a disappointing year's results and have every confidence in the ability of the company to move forward again." On Thursday this comment reduced hardened Lonrho watchers to awed silence. As one put it: "In all the years I have followed Lonrho, I have never seen the company regret anything."

■ ■ ■

Lonrho was one of the two main influences on the week. The other was political, as what could well be a ten-week countdown to an election began on Wednesday, when the government chose March 10 as Budget day. That left April 9 as the current favourite for the election, and ensured that UK equities will be bounced up and down in line with the latest opinion polls.

For the early part of the week, the afterglow of the Conservative assault on Labour tax policies still lingered. As late as mid-afternoon on Thursday, the FT-SE index was trading a point or so up on the previous week's close of 2536.7.

From then on, things looked bleaker: Wall Street fell, and Friday's trading was overshadowed by the Lonrho news. Other shares with potentially vulnerable dividends suffered worst, and FT-SE closed at 2,510.4, down 26.3 on the week.

The economic background was unexciting: a lacklustre CBI survey of retailing prospects, and weak figures on demand for loans from the Bank of England. UBS Phillips & Drew, already one of the more pessimistic City teams of economists, produced a revised forecast: no growth this year, with non-oil gdp shrinking at a rate of -¼ per cent. They had previously forecast this figure at +¾ per cent.

The UBS team drew political consequences from this economic gloom: a hung parliament, with no clear Labour or Conservative majority. Stocks to buy, under this assumption, would be overseas earners (less vulnerable to domestic developments) such as BTR or RTZ; and manufacturers which would benefit from Labour policy, such as GKN or British Steel.

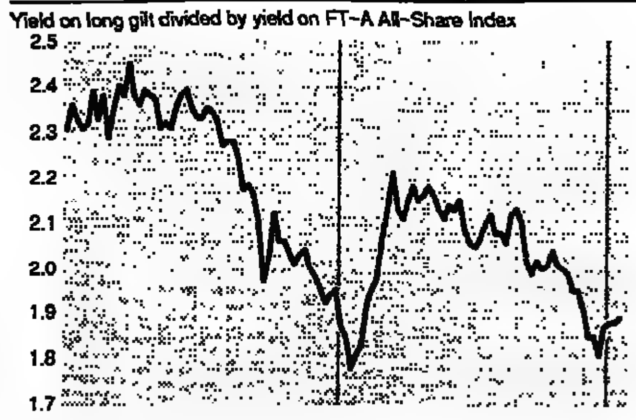
Stocks the UBS team reckons would be adversely affected by a Labour government include banks, builders, stores and property (all hurt by potentially higher interest rates); companies that employ lots of low-paid workers (hurt by a minimum wage); and some of the privatised utilities.

Politics aside, the market as a whole is likely to take comfort from the chart, above, which shows the relationship between the yield on the FT-Actuaries All-Share index and the yield on long-term government bonds. The lower the bond yield is in relation to the yield on equities, the better value shares appear.

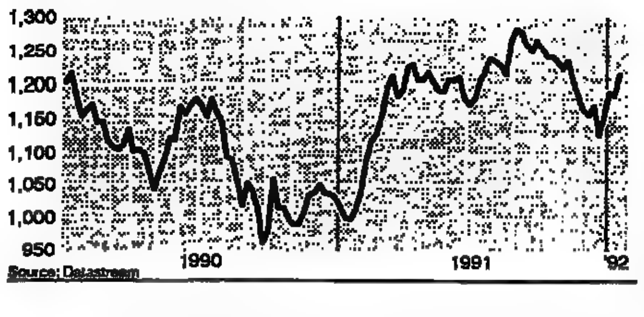
Typically, a ratio of around two is regarded as fair value; and though the ratio has bounced off the bottom in recent weeks as the market has recovered from its pre-Christmas slide, it is still in safe territory. Of course, the calculation depends on the belief that dividends are going to stay at current levels. Which brings us back to Tiny Rowland: the market is just going to have to hope that in its dividend cut, as in so many other aspects of the way it does business, Lonrho is a law unto itself.

Yield Ratio

Yield on long gilt divided by yield on FT-A All-Share index



FT-A All-Share Index



Source: Datastream

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1991/92 High	1991/92 Low	
FT-SE 100 Index	2510.4	-26.3	2679.6	2054.8	Political/economic worries
ADT	406	-60	1210	280	Lep shareholder
Airtours	915	+32	965	155	Firm holiday bookings
BM	362	-18*	441	235	Rights issue
Boddington	181	+6	184	124	Bid Talk
British Aerospace	283	-31	653½	282	Finance Director resigns
Friendly Hotels	210	-19	312	196	Poor results
Lep	11	-7	167	7	Profit warning
Lonrho	120	-30	277	107	Profits plunge
MEPC	381	-14	556	373	Shareholder dividend protest
Meyer Intl.	393	-30	494	352	Profit-taking
Park Food	470	+50	493	185	Positive results
Steetley	332	-49	424	252	EC referral
VSEL Consortium	408	-25	470	330	Loss of frigate order

* Based on price at suspension

Serious Money

Chasing values round the economic cycle

By Philip Coggan, Personal Finance Editor

STOCK MARKETS are as prone to changes in fashion as clothing companies. In the last few years, as high interest rates and then recession have hit the economy, the fashionable stocks have been the so-called "growth" companies.

These are businesses in sectors which have long-term growth prospects that are relatively untouched by recession. A prime example has been the healthcare and pharmaceuticals stocks. People still get ill during recessions and the cost of caring for the greying Western populations continues to rise.

Glaxo and Wellcome were two of the best performing stocks of last year and trade on price-earnings ratios of over 28 and 37 respectively. The height of the growth stock fashion was in the early 1970s, when the "nifty fifty" stocks in the US were bid up to stratospheric ratings.

Such companies would never be acquired by adherents of a rival investment philosophy – the "value investors". These look for stocks with low price-earnings ratios and high yields, on the grounds that they are undervalued by the market.

In general, these stocks tend to be in the so-called cyclical industries, whose profits are very vulnerable to recession.

The problem for value investors over the last few years has been that the success of the strategy depends on risks being *overestimated* by the market. In fact, all too often the risks have been underestimated.

In part, this is a reaction to the euphoric early 1980s, when UK companies did so well for so long. In the late 1980s and early 1990s, interest rates have been higher, for longer, than experts anticipated and analysts have been repeatedly forced to cut their forecasts for economic growth and corporate profits. Many cyclical stocks have been forced to cut or even eliminate their dividends.

Fund management groups which have followed the value-based stock-picking philosophy, such as M&G and Fidelity, have seen a dent in their long term performance records over the last three years or so.

Now with gloom all around, it may be that the conditions for value investing have returned once more. Certainly, Paul Woolley of US fund management group GMO Woolley argued as much in these pages last November. Should UK private investors be jumping on the bandwagon?

'Now with gloom all around, it may be the conditions for value investing have returned'

In the US, there have been signs this year of a shift away from growth stocks and into cyclical stocks such as Caterpillar and Bethlehem Steel. But as Bill Smith of BZW points out, the buoyant mood of the US market is based on the sharp decline in interest rates, with the discount rate now down to 3.5 per cent. The hopes are for a strong rebound from recession.

In the UK, by contrast, the recovery is expected to be much more patchy and sluggish – interest rates are still high in real terms and are unlikely to fall quickly while the pound remains within the Exchange Rate Mechanism.

A number of sectors and companies may not yet have seen the worst. "We are still in a period when the risk of nasty surprises from the corporate sector is high" says Bill Smith. This week's profit and dividend declines at Lonrho prove his point.

As a consequence, though there was some sign that the UK was following the US shift into cyclicals in early January, the trend stopped this week.

According to Jerry Evans of County NatWest, the shift might have started a bit too early in the UK and investors will probably wait until they sense the tenor of the next results season, in February and March, before taking it further.

Certainly M&G, which is in the process of launching a Recovery investment trust via an expensive advertising campaign, will be counting on a return in fashion to value investing in the near future.

But BZW's Smith has some doubts as to whether the value theory will hold as good this time round. Cyclical stocks owed part of their outperformance in previous rallies, he argues, to the continuing tendency for the pound to devalue. A falling pound increases margins and order flow for exporters. That trick cannot be repeated within the ERM.

BZW is looking for recovery to come from those companies with direct exposure to the UK consumer and the US industrial sectors.

Certainly, the prospects for cyclical stocks are even more difficult to predict than normal at the moment, since while the US is expected to recover, the European economies are only starting their own slowdowns.

But the long term advantages of value and smaller company investing (see below) are so well documented that it is hard to believe these effects have disappeared for ever, even if they emerge in a slightly different form. Fashion will shift again.

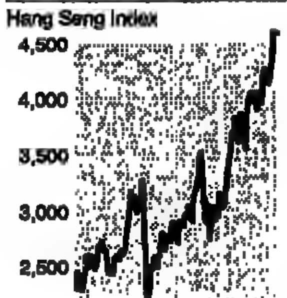
Given the risk of continued individual company shocks, however, the private investor should ensure that any shifts in his or her portfolio are achieved by investing in a unit or investment trust.

And it is even more vital that investors who want to back the value effect buy for the long term. Sometimes it can take three or five years for the undervaluation to disappear; patience in these circumstances is not just a virtue, it is a necessity.

AT A GLANCE

Hong Kong

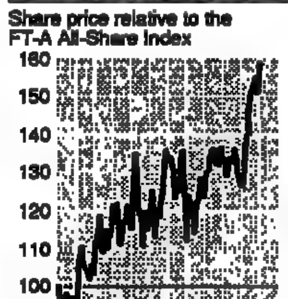
Hang Seng Index



Source: Datastream

Bankers Inv. Trust

Share price relative to the FT-A All-Share Index



Source: Datastream

Hong Kong progresses

The Hong Kong stock market has made phenomenal progress recently. But much of that is because it started from such a low position. As the graph shows, the market was depressed following the Black Monday crash of 1987, and received further damage after the Tiananmen Square massacre in 1989.

Now political and economic factors are conspiring to force the market back up. Real interest rates are negative, and real GDP growth in the colony is expected to top 5 per cent this year. Predictions for corporate earnings growth might mean that the market is still undervalued. The market was up more than 3 per cent for the week, in spite of a fall on Friday after nine positive sessions in a row.

Touche Remnant special offer

Touche Remnant is making a special offer on purchases of shares in the Bankers investment trust from February 1 until April 17. During this period shares bought through the direct dealing service of TR's savings scheme will be free from the normal 1 per cent transaction charge.

Bankers, despite its name, is a general international trust – at the end of last year, 50.7 per cent of the fund was invested in the UK, 24.4 per cent in North America, and 16.1 per cent in Europe. According to the Association of Investment Trust Companies, it grew 92.7 per cent over the 5 years to the end of 1991, and 771.1 per cent over 10 years.

Roll up for a roll-up guide

Roll up! Roll up! The Guinness Flight Guide to the Tax Treatment of Roll-Up Fund Investment is now available, free from Guinness Flight in London. Written by Donald Elkin, a director of Wilfred T. Fry and a regular contributor to the *Weekend FT*, it explains the uses of off-shore investment in which funds which accumulate, rather than distribute, their income.

The company has also launched two new high yield roll-up bond funds, the European and the US dollar, and a discount of 1 per cent is available on them before Febrary 28.

Pensionable salary ceiling up

The ceiling on pensionable salary for the fiscal year beginning April 1992 will be raised to £75,000 from £71,400, according to calculations by Scottish Provident. Calculations on earnings-related pensions are not allowed to take into account pay above this ceiling.

Employee contributions towards pensions may not be calculated on earnings above that amount. The ceiling is adjusted annually in line with rises in the previous year's retail price index.

Scottish Provident also announced that it had maintained bonuses on its endowment policies. Pay-outs on policies started by a 29-year old man paying £30 per month dropped 4.4 per cent for ten-year policies, to £7,129, but rose 1.4 per cent to £57,369 for 25-year endowments.

Beale Dobie's endowment hotline

Beale Dobie, a company which markets secondhand endowment policies, has started a freephone service for those who wish to sell an endowment. It promises to provide a quote on the price you could receive for the policy within 48 hours of your call. Policies must have been in force for at least a quarter of their term. The number is easy to remember – simply dial 100 and ask for Freefone SURRENDER.

Wall Street

It is all go for the Superbowl predictor

THE WASHINGTON Redskins will defeat the Buffalo Bills in the Superbowl tomorrow, and US stock markets will remain bullish all year. No, a combination of the cold weather and Superbowl hype has not gone to my head. I am only paying heed to one of Wall Street's most effective forecasting tools: the Superbowl Predictor.

The theory is simple. Victory for a team from the old National Football League forecasts a year of rising stock prices, while victory for a team from the old American Football League (the two leagues merged in 1970) heralds a year of falling prices. The Redskins are favoured to win in Minneapolis tomorrow, and because they are an old NFL team, Wall Street believes it is in for a good year.

You may scoff, but since the first Superbowl in 1967, the Predictor has worked 22 out of 25 times, a success rate of 88 per cent. There is no other leading indicator that comes close to matching it.

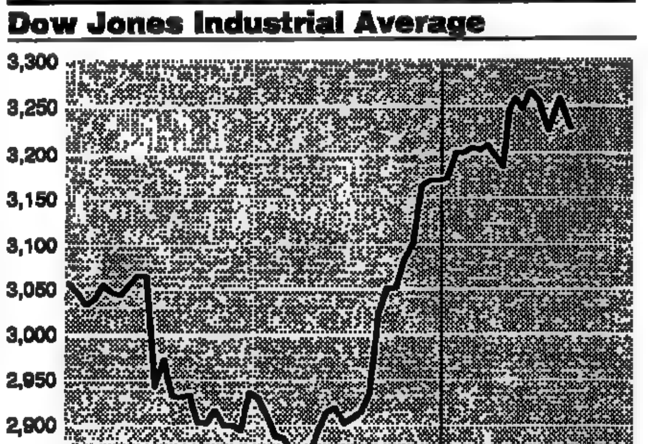
The theory can also work in reverse. The stock markets have started 1992 in buoyant mood, and should continue to enjoy solid gains throughout the year, if you believe the consensus. Thus, the bulls predict the Bills will lose and the Skins win. Confused?

Investors certainly are. This was a difficult week for the markets, which posted some of the first significant losses since the rally began in mid-December. There was a 32-point gain midweek, but that owed more to late-session program trading than it did to renewed demand from investors.

Profit-taking was the dominant factor, with traders and investors taking the opportunity to book some of the gains earned in the month-long rally. At the same time, buyers have been scanning the market for sectors that could offer a good ride over the next few weeks.

Technical trading aside, investors appear uncertain as to what to do next. A vast amount of money has flooded into the market since the Federal Reserve slashed interest rates at the end of last year, most of it from lower-yielding short-term assets such as bank certificates of deposit and money market funds.

Dow Jones Industrial Average



Source: Datastream

That initial energy is probably now spent. Since the last rate cut on December 20, the Dow has risen more than 10 per cent and the Standard & Poor's 500 8.6 per cent, and it is difficult to justify adding to those gains until some fresh stimulus other than lower interest rates materialises.

This means any advance in the market from now on must come either from better economic fundamentals or an improvement in the outlook for corporate earnings. On the economic front, the news has remained gloomy. This week contained little that pointed to a brighter future, while one set of backward-looking figures, the final count for housing starts in 1991, testified to the depth of the recession last year.

Despite a modest rebound in housing starts in December (they rose 2.6 per cent), over the full year they posted a 1.1 per cent decline, the worst showing since 1945. Although stock markets should only pay attention to leading economic indicators, the housing numbers for 1991 show just how much ground one of a key sector of the economy has to reclaim before the recovery can be classified healthy.

As for corporate earnings, the quarterly reporting season continues to produce an unappetising diet of the good, the bad and the ugly.

For United Technologies, the fourth quarter loss of $1.22bn was about as ugly as it gets. In its defence, United Tech's loss was the product of a $1.275bn charge to cover the cost of a huge restructuring, which the aerospace and building group hopes will go toward restoring its good looks. There is a price for the economy to pay, however, in the loss of almost 14,000 jobs and the closure of a host of United Tech facilities.

Delta Air Lines was another to report an unattractive loss for the final quarter of the year. The $237m shortfall was partly a hangover from Delta's purchase of the failed Pan Am's east coast shuttle operations and transatlantic routes. The figures were not warmly received by investors who had been keen buyers of the stocks until recently. Having peaked at over $75, Delta ran into heavy selling in the latter half of the week and by yesterday lunchtime had settled at $71.

The best corporate news of the week came from a most unlikely source - a computer manufacturer. Unisys recorded fourth quarter profits of $80.5m, and reported that orders booked during the last three months of 1991 were the heaviest for five years. The market loved it, and the shares bounced from $5⅝ at the start of the week to $7⅝ at the end, a handsome 36 per cent gain.

Monday	3254.03	– 10.96
Tuesday	3223.39	– 30.64
Wednesday	3255.50	+ 32.42
Thursday	3226.74	– 29.07

Patrick Harverson

The Bottom Line

Smaller companies still hope for big revival

THOSE who believe in the smaller companies revival have had a long wait.

At the end of 1990, it was widely remarked that small company shares, as measured by the Hoare Govett Smaller Companies Index, had lagged behind the market for the second year in a row. This had only happened once before, in the mid-1960s; at no time since records began in 1955, had small company shares underperformed for three years. Surely this was a sign that small companies had to revive?

It was not to be. In 1991, the total return on the FT-A All Share Index was 20.8 per cent; the HGSC achieved a respectable, but lower, 18.5 per cent.

The reason is simple: the recession. Small companies are more dependent on the UK economy than their larger brethren, many of which have overseas subsidiaries and substantial export businesses.

Enthusiasts argue that the minnows will be the biggest beneficiaries when the UK economy eventually revives. Accordingly, small company shares performed well in the first quarter of 1991, when a recovery seemed imminent. They lost some of their lustre in the fourth quarter, when it became clear that the recession had continued.

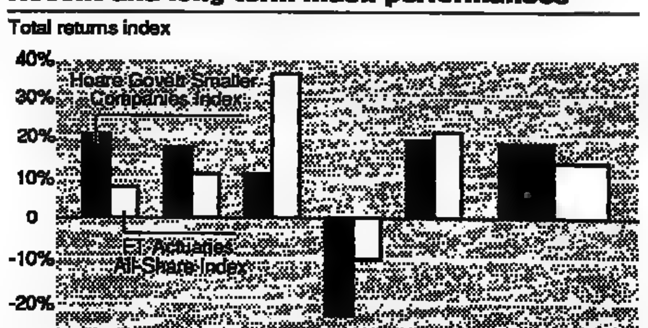
The impact of the recession was such that a record number of HGSC components went bust in 1991. In 1987, there were only two companies in the extended HGSC whose shares became worthless; last year, there were 79.

Professors Elroy Dimson and Paul Marsh, who produce the HGSC Index, note that when the economy last emerged from recession, in 1982, the number of bankruptcies increased. The corollary is that "1992 may well witness a continued increase in the number of company liquidations even if there is an early recovery."

Recent failures have been concentrated among the smallest of the small companies, and this highlights the unusual nature of 1991. In good years for the stock market, the convention has been that the smaller the company, the better, on average, the stocks performed. The average annual return since 1955 of the smallest 10 per cent (by market capitalisation) of companies is a staggering 35 per cent.

Recent and long term index performances

Total returns index



Source: Hoare Govett

In 1991, by contrast, it was medium-sized companies which performed best; the smallest 10 per cent actually produced a negative return.

One reason for this, say the professors, is lack of liquidity. The marketability of small company shares has continued to deteriorate and there is a widespread expectation that some smaller companies will soon be traded on a "matched bargain" basis. This would adversely affect the share price of many so-called "shell" companies whose main value is their stock market quotation.

Whatever the reason, the poor performance of the smallest stocks has helped those fund managers who specialise in small company investments. They tend to focus on the larger end of the small company spectrum and thus were able to outperform the HGSC Index in 1991.

Certainly, the enthusiasm for small company fund launches continues. Last week, there was an investment trust, with a split capital structure, from Lloyds; this week, Scottish Amicable followed suit with a conventional investment trust and Clerical Medical with a unit trust.

It is unusual for a sector to be "flavour of the month", in fund launch terms, after it has underperformed. But fund managers, and other small company enthusiasts, are relying on the long term effects highlighted by the HGSC.

Over the 37 years since 1955, the index has produced an annualised return of over 18 per cent, beating the return on the All-Share by 4.5 per cent per year. The sum of £1,000 invested in the HGSC in 1955 would have grown (with gross dividends reinvested) to more than £512,000 by 1992.

The dividends on HGSC companies have grown, in real terms, at around twice the rate achieved by larger companies.

Can this long term trend repeat itself? One irony is that though the HGSC figures date back to 1955, the index itself was launched in 1987 just as the long run outperformance of smaller companies was beginning to end. This seems to confirm the old rule that, as soon as a potentially profitable market anomaly is noticed, the anomaly disappears.

Nevertheless, there is evidence that small company shares are undervalued. The average price-earnings ratio on HGSC companies was 12.1 at the end of 1991, against 13.2 for the All-Share. Similarly, HGSC stocks traded on a slightly higher yield than those in the All-Share – 5.1 per cent to 5 per cent.

Those figures may not be conclusive proof that the small company revival is on its way, but try telling that to the sector's enthusiasts.

Philip Coggan

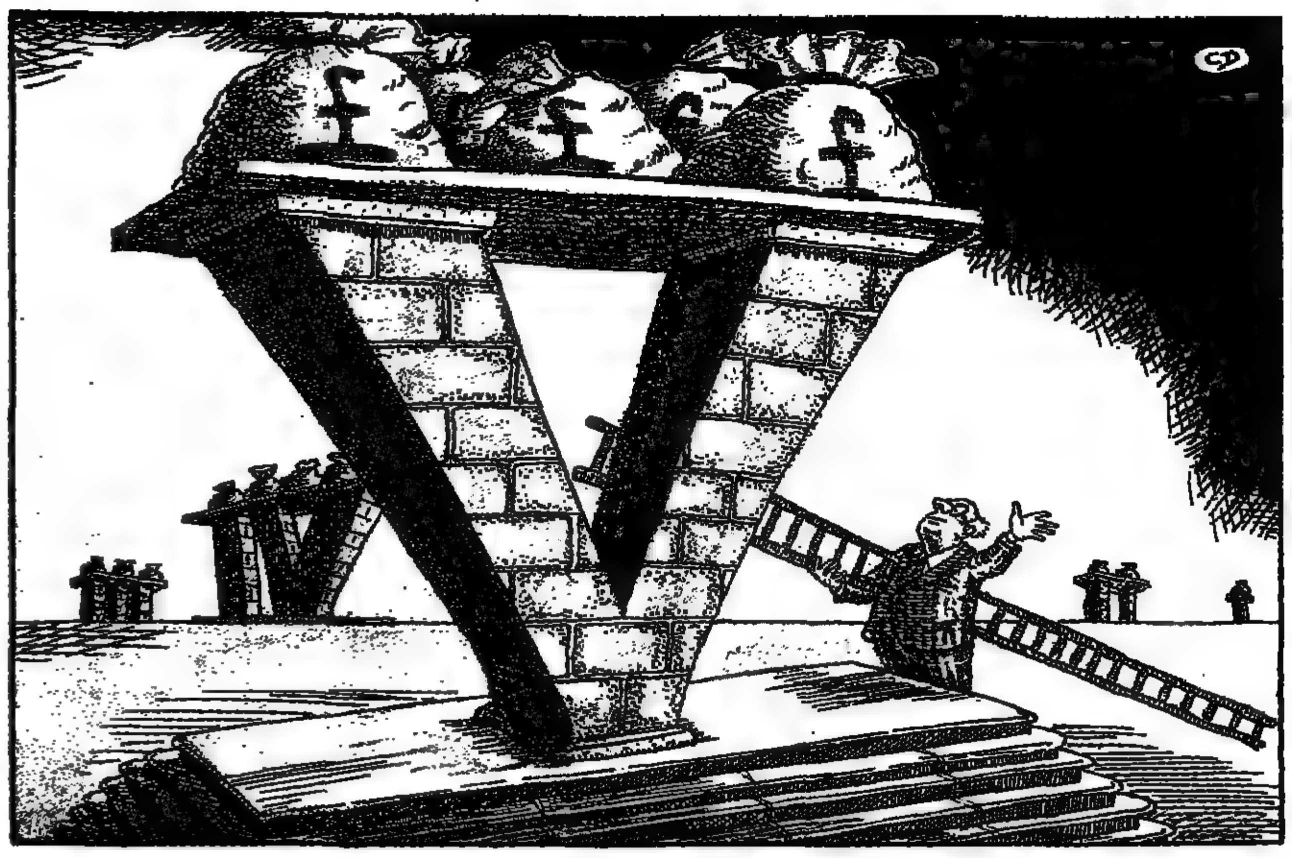
Small co indices

		% chg on wk
CSCI	950.88	+0.4
HGSC*	1191.48	+0.7

* Capital gains version. Figures to Jan 23.

National Savings puts rivals in the shade

Phillip Coggan and John Authers review five-year investments



HOW HAVE your investments performed over the past five years? Did you opt for safety or plunge headlong into exotic equities in the hope of gain?

The table gives a quick guide to the returns that were available, and a yardstick against which you can measure the performance of your own portfolio. It shows how unfancied investments, such as boring old National Savings, have done better than most of the alternatives over the period.

Had you sought advice in January 1987, the chances are that few experts would have recommended National Savings.

For a start, equities were in the last year of a bull market and the exciting returns achieved during the early 1980s were luring many a private investor at the peak. Just as important was the fact that National Savings does not pay commission, so there was every incentive for advisers to recommend other, more lucrative (for them, at least) products.

It is also true that, in the field of investment, even experts with years of experience can get it disastrously wrong. Few predicted the crash of October 1987 or the revival of inflation in 1988 and 1989.

Fixed-interest investments were a better option than most equities over the past five years. Both a guaranteed income bond and fixed-rate National Savings beat most of the equity investments, and also the return from £10,000 invested with a major building society (Cheltenham & Gloucester's Gold account was used for the example). Those *personal pension funds investing* in fixed-interest securities also did well.

Of course, you could have beaten fixed-interest returns by picking one of the best-performing unit or investment trusts. But, unless you were extremely lucky (or shrewd), the chances are that your return would have been nearer to the average trust performance – which lagged behind not only National Savings but also the building societies.

Five-year ranking

Investment	Percent gain/loss
Best investment trust (Tor Inc shares)	173.9
Best unit trust (Newton Inc)	144.4
Index-linked Nat. Savings	64.6
Dow Jones Industrial	62.6
Best g'teed income bond	55.6
Ave fixed int personal pension fund*	54.2
Fixed national savings	52.1
C & G Gold (£10,000 deposit)	51.0
Average investment trust	50.5
C & G Gold (£1,000 deposit)	45.3
Ave managed personal pension fnd	44.7
FT-SE 100	42.0
Average UK gilt unit trust	39.0
FT-A All Share	36.8
Retail Prices Index	36.2
Ave managed invst. bond	31.3
Average unit trust	30.1
Nikkei 225 Index	19.8
Worst unit trust	-72.5
Worst investment trust	-93.8

*Based on the five years to January 1, 1992 except inflation figure which covers Dec 86 – Dec 91. *Of those funds offered by [illegible] Life*

Only 40 individual unit trusts out of 793 with a five-year record pipped index-linked National Savings over a five-year period. Your chances of picking one of those outperforming trusts were almost 19 to one.

Investment trusts do rather better than unit trusts in the table, which explains part of their popularity with investors. But a good deal of this return has been due to the narrowing of discounts in the sector – in other words, share prices have *risen faster than the underlying* assets in the fund.

This narrowing of discounts cannot be repeated on the same scale over the next five years and, indeed, there is always the chance that discounts could widen. Nevertheless, it is depressing for those who invested in a unit trust to discover that they did not beat inflation. (Not that those who picked a managed single-premium investment bond did much better).

The history of the past five years shows how dangerous it is for investors to follow the dictates of fashion. In 1986, a record £5.2bn was invested in unit trusts, and total funds under management reached £32bn. Far too many investors probably bailed out right after the "crash" of October 1987 – the classic case of buying at the top and selling at the bottom.

Much publicity in the unit trust industry is given to those managers with the best-performing *funds* of the year – and those who sell trusts often focus on short-term performance.

How would you have fared by backing the top-performing trust of 1986? Legal & General Far Eastern was the star, turning £1,000 into £2,122 over the year. But had you invested at the start of 1987, your £1,000 would have dwindled to £939.

The five-year audit shows *just how pointless it is to look* at one-year figures when choosing a unit trust. You should normally be prepared to hold on to these trusts for at least three to five years and, as we have seen, you might need to do so for longer before it becomes worthwhile.

Of course, this table, as the advertisements say, is no guide to the future. Equities have outperformed fixed-interest and cash deposits over most five-year periods. The fact that private investors are so wary of equities at the moment could mean that this is just the time to be buying shares. But the nervous will find that National Savings should allow them to sleep profitably at night.

□ *Unit trust performance is shown on an offer-to-bid basis with income re-invested (source Micropal). Investment trusts are shown based on mid-market prices with income re-invested (source AITC). Cheltenham Gold account is shown after basic-rate tax. The best guaranteed income bond was offered by Liberty Life (source Chase de Vere).*

Blow to savers

HUNDREDS of savers with the Nationwide Building Society, who found that it closed their accounts to new investors and then put a similar new account on the market with a better rate of interest, have little cause to rejoice at a ruling this week by the Building Societies Ombudsman, Stephen Edell.

He asked Nationwide to pay compensation to an instant-access BonusBuilder account-saver who discovered that CashBuilder, another instant-access account, offered a better rate.

But he ruled against similar complaints by Capital Bonus 90-day account-holders who found they were locked out of a better deal from a new account called *CapitalBuilder*.

In the first case, the ombudsman decided that the society had not given adequate publicity to its rates but, in the second, he ruled that the publicity was sufficient. He felt that people who opened 90-day accounts consented to be locked into them for that time.

Edell said: "Investors should be vigilant about their investments, but I don't think that building societies ought to hide the interest rates paid on closed accounts."

Yet, the fact is that closed accounts are not some kind of unfortunate administrative accident. Building societies and banks use them to ensure that depositors earn less interest than they would otherwise do.

Banks call the practice "the recycling strategy" while it is known to societies as "harvesting." The aim is to keep the cost of bank and building society funds cheaper than they would *otherwise* be.

It seems slightly ridiculous that savers should be expected to scan newspaper columns and notice boards in their branches to see if their building society is playing hide-and-seek with them over interest rates.

That said, many savers are not as energetic in looking after their own interests as they ought to be.

When Cheltenham & Gloucester wrote to its customers with savings balances under £100 in October 1990, telling them they would no longer earn interest, it was surprised to find that many did not bother to take any action.

The Nationwide case was a particularly outrageous instance of a savings institution not standing by its customers, and it is disappointing that there is not a hint in the ombudsman's ruling that he sees things this way. After all, for office was set up to protect the interests of consumers.

The market seems to be moving ahead of the ombudsman, though. Since November, the National & Provincial building society has been telling its customers what it thinks to be the best account for each of them. It has a free advice line on 0800-446 600.

David Barchard

Mortgage battle

THE SURPRISE mortgage interest rate cuts by Abbey National, Halifax and Nationwide were *followed* by the other main societies this week. Only NatWest, among the clearing banks and centralised lenders, has yet followed them. But there is a fierce battle for first-time buyers and, borrowers should shop around.

Newbury Building Society, for example, is offering a discounted mortgage for first-time buyers at 8.74 per cent. New borrowers who are not first-time buyers will also get a one percentage point discount for the first year on loans above £60,000. But remember to check how long the discounts last for. There could be little point in having a heavily-discounted rate for the first year only.

Cheltenham & Gloucester lowered its standard mortgage *interest rate by 0.2* percentage points more than the other societies, giving it a new variable mortgage rate of 10.75 per cent for most customers and 9.75 per cent for new borrowers after a one-year discount of one percentage point.

The cuts are good news for borrowers, but societies are preparing to pare back their rates to savers.

"Frankly, savers have been having much too good a deal from building societies recently if you consider that their investments have a high real return and are virtually risk-free," one society said privately this week.

■ Meanwhile, if you are a Midland Bank mortgage customer, *you might* recently have had a letter from the bank asking what your attitude would be to the possible "securitisation" of your loan.

Mortgage securitisation is common in the United States but less so in the UK. A lender collects a group of good mortgages, puts them together into a bond, and sells it on the commercial money markets to a third party.

The advantage to the lender is that he gets this particular amount of lending off his books, thereby strengthening his capital ratios and enabling him to go out and look for new business.

All mortgage-lenders say that securitisation should not disturb the customer. The mortgage *continues* to be administered by the original lender, and payment and customer correspondence should continue as before. The interest rate is set by the original lender, not the owner of the securitised bond.

So, most of the time there is no snag. But if you fall into arrears on your monthly payments and *your* mortgage is securitised, this could create problems and your lender might have less leeway to be understanding.

D.B.

FINANCE & THE FAMILY

The hidden costs of a mortgage

***Scheherazade Daneshkhu** urges borrowers to look closely at the insurance policies tied to a home loan*

LOW interest rates on a home loan may look attractive but beware the hidden costs. Borrowers often will find they have a host of insurance policies thrust at them. Some customers have little choice. Many lenders offer a discount on their mortgages, but only on condition that you take out their buildings or home contents policy. These include Halifax, Abbey National, Nationwide, Britannia and National & Provincial. Borrowers should, however, be aware that even though they get a good deal with the discounted mortgage, the lender claws back a proportion of it by charging more for the insurance policies.

Even those who have a choice may be tempted, for simplicity's sake, to cave in and opt to hold these policies with their lender. But how do you tell whether you are getting a good deal?

All policies should cover you for loss or damage caused by theft, vandalism, fire, natural disasters and subsidence. In most cases, your policy will not cover your possessions if the home has been left empty for more than 30 days. But no two policies are exactly the same, which adds to the headache of the home purchaser when it comes to deciding which policy is the "best."

In its latest survey of contents policies, *Which?*, the Consumer's Association magazine, rated Countrywide as its best-buy insurance policy for the home. So, we asked it for a quotation for a 30-year-old male non-smoker - a first-time buyer — who had purchased a three-bedroomed house for £70,000 in Countrywide's highest-risk area. Countrywide said the combined rate for buildings and contents insurance would be £206 a year.

Apart from Countrywide, Lloyds Bank also provides a competitively-priced combined buildings and contents package known as Mortgage Value Cover. This would cost £228.96 a year with a first-time buyer's discount of 20 per cent included. Contents cover of up to £30,000 is provided by the policy.

Using this information, we can make a rough assessment of the offers available from those lenders who insist that you take out an insurance policy with them.

A first-time buyer visiting the Halifax for a repayment mortgage would get 1.5 percentage points knocked off the variable rate. Our 30-year-old male is taking a 95 per cent mortgage on a £70,000 home, so will benefit from an additional reduction in the rate of 0.45 per cent. If we assume interest rates stay at present levels, he will be paying 9 per cent while the discount lasts (until July 31, 1993). Compared with the present variable rate of 10.95 per cent, that is an annualised saving of £951.24. Our male must, however, take out a Halifax Xtracover combined buildings and contents policy to enjoy this discount. This will cost him £434.04 a year for his high-risk area – £228.04 more than the amount quoted by Countrywide. Put another way, the borrower's saving is effectively £723.20 rather than £951.24. More than a fifth of his mortgage discount has disappeared.

'No two policies are exactly the same, which adds to the buyer's headache'

First-time borrowers from Abbey National also enjoy a 1.5 percent discount, bringing the present variable rate down to 9.05 per cent. Instead of paying £6,846.84 on a repayment mortgage for the first year, our man would pay £6,118.80, a saving of £728.04 a year on a loan of £66,500 (95 per cent of the cost of the £70,000 house).

Once again, the borrower must, to receive this discount take out Abbey's buildings and contents insurance policy. Not only does this cost £383.52 a year in a high-risk area, it does not cover "personal possessions" including clothes and jewellery. (Borrowers do not have to take out cover for personal possessions as part of the first-time buyer's deal at Abbey, but these are included in Halifax, Nationwide and Countrywide's policies.)

Cover for these will cost our male another £90.96 a year, bringing the Abbey total up to £474.48, which is £268.48 more expensive than Countrywide's policy. The effective saving on his mortgage from Abbey has been reduced by more than a third to £459.56.

First-time buyers might be better off at Nationwide, where they do not have to take out the society's buildings and contents policy. Nationwide does, however, offer a package where a discount on larger loans depends on a new borrower taking out a buildings and contents policy. The mortgage rate is 10.55 per cent on a loan of over £60,000 instead of the society's present variable rate of 10.99 per cent, which means a saving of £218.40 a year on the mortgage. But our male would have to pay £411.48 for the society's buildings and contents policy. Considering that you could have secured this insurance for £206 at Countrywide, that is an extra cost of £205.48, which means the saving effectively is reduced to £12.92 a year.

In none of these cases are you given any choice in the sort of buildings and contents policy you take out.

First-time buyers may be better off in the first year through these packages. But if they do not want to see such savings drain away in higher premiums in the second or third year of the loan, they will then need to cancel the expensive policies and opt for one of the cheaper deals on the market.

A spokesman for one of the societies could not have summed it up better. "The customer is getting such a good deal with the mortgage discount that we have to make them take out the policy," he said.

Combined building and contents cover

Institution	Annual premium (£)
Countrywide*	214.00
Lloyds*	228.96
Halifax	434.04
Abbey National	474.48
Nationwide	411.48

* Includes first time buyer discount. Based on £70,000 house in high risk area.

The Week ahead

Rank expects downturn

The Rank Organisation is expected to report full year pre-tax profits of £245m on Thursday, down substantially on last year's £312.1m. Holidays and bingo are expected to have held up reasonably well but hotels, casinos and amusement machines are expected to show the wear and tear of the recession.

Particular attention will focus on the dividend; maintaining last year's final payment of 20.75p would give investors confidence that the group expects to profit from a consumer upturn.

The elimination of loss-making businesses is likely to have helped WH Smith post reasonable interim pre-tax profits when it announces its half year results to December 1 on Wednesday. The City is looking for a figure in the range of £46m to £50m reflecting weakness on the high street countered by a huge savings in interest payments.

The interest charge will be down from £15m to £5m after a £148m rights issue also in May and due to the sale of its travel and television interests last year.

Book sales, however, were affected by the recession on the high street, which persisted through the Christmas season, while profits from the DIY business are likely to have been dull as well.

Growth in the WH Smith book chain is also expected to have been countered by a slightly higher rise in costs.

Waterstones, however, has done extremely well, with double digit like-for-like growth.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
Prices in pence unless otherwise indicated					
AmBrit	9½	9	8	6.28	United Energy
Cityvision	48* ♦	51	25	67.9	Blockbuster UK
Do. 5.5% Cnv Pf	80* ♦	82	66	7.1	Blockbuster UK
Marina Devs.	180*§	175	98	51.22	Yattendon Inv.
Robinson (Thos)	35	24	12½†	40.81	BM Group
Steetley	301	327	274	611.05	Redland
Thornton (G.W.)	215	200	205	14.27	Evergreen Inds
Trevian Hldgs	45*§	45	40	2.87♣	Programme Ests

*All cash offer. ††Cash alternative. §For capital not already held. ‡Unconditional. **Based on 2.30pm prices 24/1/92. †At suspension. ¶Shares and Cash. ♣ For 58% not already owned. ♦ Or alternative of 1 Blockbuster share valued at 80p for each Cityvision ord. share, and at 80p for each Cityvision pref. share.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Celltech	Sep	6,580 L	(12,500L)	-	(-)	-	(-)
Central Motor Auction's	Oct	2,050	(1,810)	11.66	(10.29)	4.0	(3.8)
Denmans Electrical	Sep	1,280	(1,220)	16.75	(18.86)	5.85	(5.65)
Derby Trust	Dec	2,160♦	(2,080♦)	16.43	(17.66)	16.43	(17.65)
GWR	Sep	24,000L‡	(13,400L‡)	-	(-)	-	(5.5)
Hill & Smith	Sep	4,640	(5,120)	12.39	(13.06)	8.0	(7.5)
Intercare	Oct	1,520	(504)	7.5	(4.1)	2.0	(1.25)
Kunick	Sep	12,400	(17,501)	5.1	4.86	1.4	(2.0)
LPA Industries	Sep	476	(904)	3.89	(6.69)	3.52	(3.52)
London & Clydesdale	Sep	1,920	(3,310)	14.9	(24.5)	7.0	(7.0)
Lonrho	Sep	207,000	(273,000)	14.2	(23.6)	13.0	(15.7)
Macarthy	Sep	5,310	(4,610)	13.5	(11.6)	10.0	(12.6)
Newman Tonks	Oct	16,100	(23,200)	9.56	(15.35)	8.3	(8.3)
St Andrew Trust	Dec	4,140†	(4,220†)	7.12	(7.36)	7.85	(7.2)
Sherrill Holdings	Sep	312	(1,080)	3.4	(11.3)	0.75	(3.3)
TSB Bank Scotland	Oct	76,900	(61,000)	-	(-)	-	(-)
Wheway	Sep	2,810	(7,540)	2.06	(6.44)	2.0	(6.0)
Widney	Sep	612 L	(1,820L)	-	(-)	-	(-)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
App'd Holographics	Sep	691 L	(1,900 L)	-	(-)
Bine	Oct	1,600	(4,700)	1.66	(1.66)
Budgens	Nov	2,200	(53 L)	-	(-)
Cantors	Oct	206	(1,450)	1.0	(1.0)
Cook (D. C.)	Oct	107	(350)	0.2	(-)
DBS Management	Sep	960	(429)	-	(-)
Desjon	Sep	8,770	(8,270)	12.0	(9.0)
Intl. Media Comms.	Oct	301	(597 L)	-	(-)
Jarys	Oct	2,070‡	(1,930‡)	2.0	(2.0)
Matthew Clark	Oct	2,220	(3,000)	5.5	(5.75)
Murray Securities	Sep	2,010	(1,910)	3.2	(3.0)
Microlec	Sep	442 L	(1,110)	1.05	(1.35)
Nilbo Group	Sep	725	(474)	1.25	(1.0)
Park Food	Sep	4,390	(4,510)	5.0	(3.3)
Peel	Sep	1,640	(259)	1.0	(1.0)
Proteus	Sep	1,270 L	(-)	-	(-)
Ransom (Wm.)	Sep	251	(238)	0.525	(0.525)
Reject	Sep	597 L	(301 L)	1.05	(1.05)
Resort Hotels	Oct	2,920	(2,310)	1.2	(1.2)
Trevian	Oct	341 L	(423 L)	-	(-)
Union Square	Sep	666 L	(1,070 L)	-	(-)
Wood (John D.)	Oct	194 L	(201)	-	(1.6)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss. † = Gross Revenue. ‡ = US Dollars. ‡ = Irish pounds & pence. ♦ = Net Revenue.

RIGHTS ISSUES

Waterford Foods is to raise £23.3m via a 2 - 9 rights issue at 74p.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Lloyds Smaller Co's Trust is to raise up to £72.1m via an offer for subscription.

Amicable Smaller Enterprise Trust is to raise up to £38.5m via an offer for subscription.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
Allied Textile Companies	Wednesday	4.30	7.70	4.40
Aukett Associates	Monday	1.50	2.75	1.25
Bullough	Monday	1.75	4.30	1.75
Caldwell Investments	Monday	-	-	-
Continental Assets Trust	Thursday	1.00	0.70	-
Dale Simpson	Friday	3.50	[illegible]	-
Domino Printing Sciences	Thursday	1.75	3.45	2.10
Eurocamp	Tuesday	-	-	-
Gardiner Group	Wednesday	0.57	0.75	0.47
Heavitree Brewery	Friday	-	2.45	0.60
Kershaw (A.) & Sons	Thursday	9.00	18.00	9.00
Malvern UK Index Trust	Monday	2.50	-	-
Partridge Fine Arts	Tuesday	2.00	1.05	1.00
Rank Organisation	Thursday	10.25	47.75	10.25
S E P Industrial Holdings	Thursday	[illegible]	0.60	-
Shoprite Group	Tuesday	-	5.20	-
Warner Estates Hldgs.	Thursday	3.00	6.00	3.25
INTERIM DIVIDENDS				
ABI Group	Thursday	1.50	4.00	-
Adscene Group	Wednesday	0.75	1.25	-
Armour Trust	Monday	0.30	1.11	-
Associated Brit. Consultants	Tuesday	2.20	4.20	-
Brandon Hire	Tuesday	1.11	2.22	-
Bristol Channel Ship Repairers	Monday	-	-	-
Colefax & Fowler	Tuesday	1.30	1.30	-
Dale Electric International	Monday	2.00	3.10	-
Davies (D. Y.)	Thursday	1.85	3.90	-
Dyson (J. & J.)	Friday	2.00	3.00	-
Electron House	Tuesday	1.00	1.95	-
[illegible] Properties	Tuesday	-	2.75	-
Emrit	Thursday	0.50	0.50	-
Farepak	Wednesday	2.30	6.44	-
Goodhead Group	Thursday	1.70	3.75	-
GT Japan Investment Trust	Monday	0.40	0.75	-
Haynes Publishing Group	Monday	1.00	1.50	-
Heath (Samuel) & Sons	Monday	1.50	4.00	-
Huntingdon International	Wednesday	0.57	1.90	-
International Resort Holdings	Thursday	-	2.40	-
Jupiter European Inv. Trust	Wednesday	-	0.10	-
Kleinwort High Income Trust	Tuesday	-	-	-
Lister & Company	Monday	1.00	1.00	-
ML Hldgs.	Thursday	0.65	2.60	-
Menvier Swain	Thursday	2.20	5.10	-
Murray Smaller Markets Trust	Tuesday	1.20	-	-
Neepsend	Friday	0.60	1.00	-
Newmark (Louis)	Tuesday	-	-	-
Photo-Me International	Thursday	1.20	3.00	-
Proir	Friday	2.50	2.50	-
Saville (J.) Gordon Group	Tuesday	0.50	1.70	-
Shield Group	Friday	-	-	-
Smith (W. H.) Group	Wednesday	4.00	8.50	-
Standard Platforms Holdings	Monday	-	-	-
Stavert Zigomala	Monday	-	18.75	-
Unitech	Thursday	4.20	7.50	-
Wholesale Fittings	Friday	3.25	13.39	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.

Work while you travel

IF YOUR desire for travel is in inverse proportion to your ability to pay, the answer might be a working holiday, either abroad or in Britain.

For volunteers aged 18 and over, the International Voluntary Service Organisation offers two- to four-week holiday projects in Britain and Europe (including eastern Europe), the US and (to a limited extent) Australia. You pay your own fare to your destination and food and basic accommodation are provided, along with health insurance. But you get no salary and there will not be too much time for beachcombing.

Perhaps the chance to see new faces and places is not enough and you would like to learn a new activity, but without cost. In this case, vacation training courses are your best bet.

Working in a training environment helps you decide if a particular career choice is right for you, or to acquire skills in a job you enjoy. Now that income support and housing benefit during vacations is no longer available, such courses can support students without yet another request for a bank loan.

Pay is around £145 per week, from which National Insurance will be deducted – but not tax if you apply for the relevant exemption. Courses last from five weeks to whatever time is agreed at the interview, but accommodation rarely is offered. Formal qualifications are not always specified.

The 7,000 training opportunities available cover all types of manufacturing and service industries. They include the civil service, British Council (eight weeks at £195 per week), local government sponsorships (£100-£130 per week) and the Meteorological Office (A-levels for lab work; eight-12 weeks at £122.85 per week).

Police and army traineeships are useful for those able to spare only a short period. Places are available on a two-week course in computer application, with accommodation and pocket money; or on a six-week workshop practical course in various engineering modules which contributes to the requirements for a chartered engineer.

Students get free board and lodging in the officers' mess at the Royal Navy Engineering College and a weekly allowance of £25. Application forms are available at college career offices.

Computers and electronic industries, hit by the recession, offer placements mainly to undergraduates, but other branches of engineering still have training opportunities: The Culham Laboratory in Oxford takes post A-level students for two summer months at £494-£525 a month, depending on age and year of study. The cost of any accommodation required is deducted from pay.

Training for the print trade on a Voluntary Service Overseas course in the Sudan

The Law Society in England (071-242-1222) and Scotland (031-226-7411) offers general advice on short-term traineeships.

In insurance and banking, vacation work is not always through formal traineeships. Towers Perrin has seven undergraduates for eight or more summer weeks, assigns them to actuarial departments and offers "a competitive rate of pay." Scottish Provident takes a few students. Apply in January or February, but not later than March.

As traineeships abroad are fewer — and, even with leading organisations, often unpaid – it is better for the indigent traveller to look at other methods of achieving a paid vacation.

A book called *Summer Jobs Abroad* (published by Vacation Work, Oxford, for £6.95) lists more than 30,000 vacancies in 40 countries at varying wages. For most, applications should be made between January and March.

Working Holidays Abroad (£7.95), from the Central Bureau for Educational Visits and Exchanges (CBEVE), is in its 40th year. It concentrates on voluntary "green" opportunities but also lists paid work opportunities for all ages lasting two weeks to 12 months. The bureau also provides free information sheets.

Do not be deterred from applying for jobs or projects if you are handicapped. Tom Sewell, of the CBEVE, says job opportunities and voluntary projects exist in other areas for those with restricted ability, and are indicated by B (Blind), D (impaired hearing) or PH (physically handicapped).

Jennie Hawthorne

Capital gains tax allowance: December

	1982	1983	1984	1985	1986
Jan	–	1.643	1.583	1.486	1.410
Feb	–	1.636	1.556	1.476	1.406
Mar	1.708	1.633	1.551	1.462	1.403
Apr	1.674	1.610	1.531	1.432	1.389
May	1.663	1.603	1.525	1.425	1.387
Jun	1.658	1.598	1.521	1.422	1.386
Jul	1.657	1.591	1.523	1.425	1.392
Aug	1.657	1.584	1.509	1.421	1.387
Sep	1.658	1.577	1.506	1.422	1.380
Oct	1.650	1.571	1.497	1.420	1.378
Nov	1.642	1.586	1.492	1.415	1.367
Dec	1.645	1.582	1.488	1.413	1.382
	1987	1988	1989	1990	1991
Jan	1.357	1.314	1.223	1.138	1.042
Feb	1.352	1.309	1.214	1.129	1.037
Mar	1.349	1.304	1.206	1.118	1.033
Apr	1.333	1.283	1.187	1.085	1.020
May	1.332	1.278	1.180	1.075	1.016
Jun	1.332	1.273	1.176	1.071	1.012
Jul	1.333	1.272	1.175	1.070	1.014
Aug	1.329	1.258	1.172	1.059	1.012
Sep	1.325	1.252	1.164	1.049	1.008
Oct	1.319	1.239	1.156	1.041	1.004
Nov	1.312	1.234	1.145	1.044	1.001
Dec	1.314	1.230	1.142	1.045	–

Source: Inland Revenue

CGT and assets

THE TABLE above shows capital gains tax allowances for assets sold in December. Multiply the original cost of the assets by the figure shown for the month in which you sold them. If you subtract the result from the proceeds of your sale, the difference will be your capital gain for tax purposes.

Suppose, that you bought shares for £5,000 in July 1985 and sold them in December 1991 for £12,000. Multiplying the original cost by the July 1985 figure of 1.425 gives a total of £7,125.

Subtracting that from the proceeds of £12,000 gives a gain for tax purposes of £4,875 – below the annual £5,500 CGT allowance. If you realised no other gains during the year, the profit should be tax-free.

If you are selling shares bought before April 6, 1982, use the March 1982 figure.

Quicker tax refunds agreed

UP TO 8m people will be able to receive repayment of tax on bank and building society interest and on share dividends more quickly under new measures announced by the Inland Revenue this week.

Non-taxpayers and those eligible for partial tax relief against bank and building society interest income can now claim repayments worth more than £50 immediately rather than having to wait until the end of the tax year.

Those eligible for tax relief against income from share dividends – including an estimated 2.5m married women who are independently registered for tax – can also claim back payments on dividends without waiting until after April 5 1992.

About 15m non-taxpayers have been entitled to register with their banks and building societies to receive interest gross since composite rate tax was abolished last April.

However, a large number of those who are eligible have not done so. Only 12.5m accounts, representing an even smaller number of people, have actually registered for this facility.

The remainder can now apply for repayment directly under the new arrangements. But the Revenue stresses that it would be simpler for those who pay no tax to apply directly to their bank or building society to pay interest gross.

The Revenue has now opened 24 repayment centres ahead of schedule, and will be able to process any claims for relief above £50 immediately. Those with reimbursements below this level must wait for the end of the tax year.

Inland Revenue leaflet IR 112 "How to claim a repayment of income tax" explains the procedure for repayment of tax on share dividends; and leaflet IR 111 "How to claim a repayment of tax on bank and building society interest" explain the procedures required for repayment.

Andrew Jack

BES hunts for bargains

THIS WEEK saw a further flurry of Business Expansion Scheme issues, and the 1992 BES season is now in full swing.

The rules of the scheme are explained on page 36 of the *FT's Quarterly Review of Personal Finance*.

BES companies have now fallen into the pattern established last year and come in two categories: "Predators" which go bargain-hunting and attempt to profit as much as possible from the housing recession, and "Buy-backs" which limit risk by obtaining a covenant from a housing association, or university, to buy accommodation from them for a fixed price.

Disappointingly few schemes have managed to obtain the third party guarantor which would assuage many doubts about the schemes. Johnson Fry's scheme launched last week (which is backed by a certificate of deposit), offers the equivalent of 14.81 per cent annually to a higher rate taxpayer.

This week's new buy-back offer is House the Homeless of London (Westminster) which has a buy-back agreement from the Peabody Trust. It will buy housing for the homeless in Westminster, with a covenant to pay £1.35 in five years' time for every £1 raised now. It thus offers the equivalent of 16.5 per cent annually to top rate taxpayers. Further buy-back schemes are expected.

Schemes with no upper limit on growth include:

- **Artesian Performer** is the fifth issue from the Artesian Group, and will continue buying property in London and the South East, refurbishing it and aiming for value.
- **Midland Predator Assured Tenancies** seems to be a hybrid scheme. It will aim to buy property at cheap prices in the East Midlands and East Anglia region, and then rent it to students of Northampton College.
- **Pathfinder Repossessions**, which is sponsored by Johnson Fry, will aim to buy cheap properties in the London area which have been repossessed by building societies after the owners have defaulted on mortgages. It is similar to Close Brothers' London Repossessions fund and Neill Clerk's Auction Raider, both launched last week.

Stephen Bantoft, BES analyst with the Allenbridge Group, said the schemes are getting more similar, as all sponsors try either to buy very cheap accommodation, or to provide copper-bottomed guarantees. He says your choice should be based on your opinion of the managers, and on your reading of the housing market.

John Authers

Rescue details

NATIONWIDE Building Society has announced the details of its "mortgage rescue" plan, which is designed to keep its beleaguered mortgage-holders with roofs over their heads.

The Home Rescue Scheme involves the society in lending £8m to three housing associations – London & Quadrant, Newlon, and Notting Hill Housing Trust.

The housing associations will then take over the ownership of houses belonging to around 100 borrowers in the London area. The borrowers will then effectively become housing association tenants, and pay rent.

Borrowers can then have their arrears wiped out, if they stay with the scheme for at least three years. Rents will be lower than mortgage repayments, and will be set at between 3.5 per cent and 8 per cent of the value of the house.

Nationwide is also launching from Monday a free mortgage protection policy which provides one year's cover of mortgage repayments against unemployment, sickness or accident. You have to buy your home through Nationwide Estate Agents to qualify.

Citibank is offering free unemployment insurance for two years. BES schemes currently being used to fund mortgage rescues involve The Mortgage Corporation and the Bedfordshire Pilgrims Housing Association.

J.A

FINANCE AND THE FAMILY

How to . . . get the right life cover (Part II)

The trouble with endowments is . . .

BUYING life cover when you take out a mortgage does not sound all that controversial. But the question of how best this can be done is at the centre of the most divisive issue within the UK's financial services industry today.

Most people purchase a house as a couple, or with the intention of sharing the house with someone at some time. This means you need life cover to protect your partner against liability for the outstanding mortgage should you die unexpectedly. But you need also to think about how to repay the loan at the end of its term – usually 25 years.

Over the past decade, the financial services industry has trumpeted the endowment policy, rather than the old steady repayment method, as the best way of paying off a mortgage. Around 80 per cent of the UK's mortgages are backed by endowments, which offer life cover while acting as a savings mechanism which guarantees a pay-out after 25 years.

But the repossessions crisis has revealed the flaw in the endowment – its inflexibility. Full pay-outs are made only if you hold on to the endowment until maturity. While they are often an excellent investment if held this long, it is impossible to recommend them if there is a serious chance of surrendering them early.

The heavy costs involved in managing the investment and the life cover, and the commissions paid to salesmen, mean that in the early years of a policy you receive less than you have paid in premiums by surrendering early. This spells disaster if your financial circumstances change for the worse a few years after taking out the loan. The endowment makes it harder to disentangle yourself from the mortgage.

Peter Smith, of Hill Martin, puts it this way: "If I meet another young person who's lost their job and has poor employment prospects, saddled with an endowment mortgage, I'll scream."

He points out that lenders usually would be happy to change a capital repayment mortgage into an "interest only", but that is not an option with an endowment mortgage. Heavy surrender penalties make it impossible to get rid of the endowment without a loss.

Sadly, most people who take out endowments will suffer these penalties. Research by the Securities and Investments Board showed that in 1990 37.1 per cent of unit-linked life policies, and 23 per cent of with-profits policies, were terminated within two years of being started.

Mark Bolland, of Chamberlain De Broe, points out that this casts doubt over the worth of tables showing the value of endowments at maturity. He suggests that as insurance companies make these payouts to so few people, it is scarcely surprising that final pay-outs are strong. Smith notes that endowments are no longer tax-efficient. At one time, life funds had a favourable tax position and, until 1984, you received tax relief on life assurance premiums. Now, endowments are less tax-efficient than the new investment vehicles created by legislation over the past decade – PEPs, *personal pensions and TESSAs.*

Endowments are an expensive way to buy life cover. As last week's article showed, £50,000 cover for 25 years costs £18 via term, and £62.50 via an endowment, from Pearl. That leaves you plenty of room for imaginative saving.

The fact that 80 per cent of mortgages are now backed by an endowment might, therefore, be more to do with the commissions they pay to salesmen than their suitability.

These problems suggest that you should forsake the convenience of the endowment mortgage. *If you already have one,* you should still get a good deal – but only if you keep it until maturity.

As the table (taken from *Money Management* magazine) shows, final pay-outs last year were healthy. Some offices, including Norwich Union, cut pay-outs this year but others, such as Commercial Union – which has the best pay-out announced so far with £65,596 – increased them. So most endowments offer similar value this year to last. Full details will not be available until the season of bonus announcements is over.

The table of unit trust savings schemes shows, however, that an investment which would not penalise you for *stopping early might have* done better. Assumptions – £30 monthly premiums over 25 years – are held constant to allow comparisons.

Some caveats are needed. Savings schemes were not available in 1967. Although the figures are "offer-to-bid," and include the dealing spread, they do not include extra charges managers might add for investing via a savings scheme. Unit trusts do not include life cover, but term *cover in 1967 would not have* been dear.

On the plus side, the unit trust figures take no account of PEP tax reliefs which are now available. They assume that all income was reinvested net. Had it been reinvested gross, returns would have been boosted considerably.

The unit trust table still tells a powerful story. It shows that you can have flexibility, and beat endowments, even over 25 years. The average unit trust savings scheme, according to *Planned Savings*, would have made £67,039.50, more than last year's best endowment.

However, risk is greater: the worst-performing unit trust, Brown Shipley Recovery, would have provided only *£14,872.30. Last year's average* endowment pay-out was £55,645.

Personal pensions offer a tax-efficient way of covering your life and paying off the mortgage at the same time. You receive tax relief on premiums and you also receive full tax relief on term life cover up to 5 per cent of "net relevant earnings." The mortgage can be repaid out of the pension lump sum on retirement.

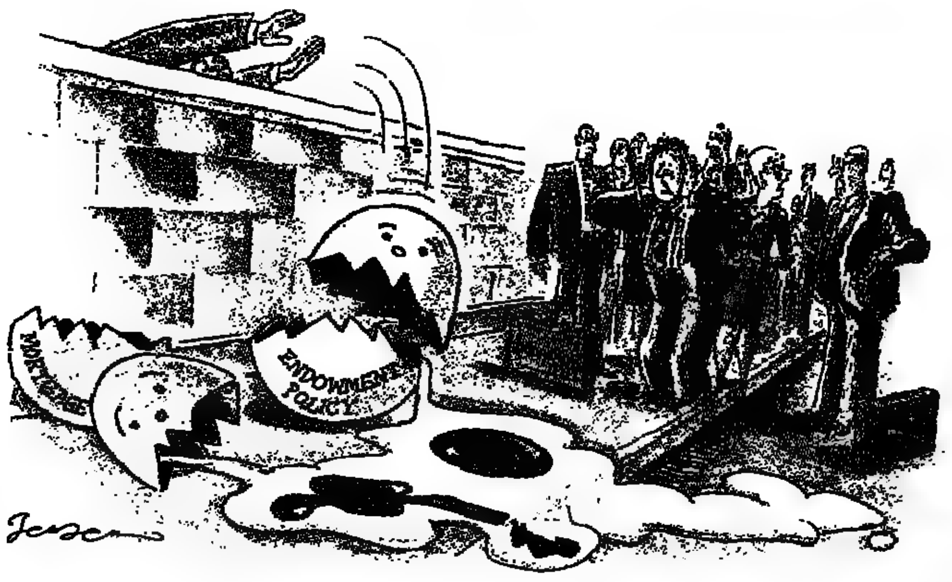
Pension income will not be *affected, but pension mort*gages do have the disadvantage that they commit you to using a fixed portion of your pension lump sum when you retire.

Term cover should give you adequate protection. Richard Boyton, of Boyton Financial Services, suggests that cover should be taken out on a joint-life basis until both partners have reached the age of 60.

He suggests avoiding the 25-year term because "your house-buying career does not necessarily last for 25 years." Taking out cheap term early in your career relieves you of any awkward decisions later on.

When you buy your house, shop around for the cheapest term assurance and then take *out a long-term savings* scheme which allows you to make an escape if you need to. If your "adviser" keeps trying to sell you an endowment, change your adviser.

John Authers



25 year endowment policies

	Maturity value	Terminal bonus(%)
Standard Life	£65,858	63.0
Friends Prov	£63,937	57.3
Royal London	£63,797	49.6
Equity & Law	£63,451	63.0
Norwich Union	£63,246	45.7
Scottish Amic	£63,216	61.0
General Acc	£63,090	50.3
Eagle Star	£63,015	42.0
Commercial U	£61,846	29.8
Clerical Med	£61,789	55.6

Source: Money Management. Maturity values payable on February 1, 1991, on policy effected by a male, aged 30 at outset, Freelance £30pm.

25 year unit trusts savings schemes

	Final value
M&G Midland & Gen	£106,837.7
All Dunbar High Inc	£91,849.2
Hend'son High Inc	£90,781.5
M&G Dividend	£89,273.6
Barclay Uni Inc	£85,987.8
Barclay Uni Gen	£84,624.2
All Dunbar Ass Val	£83,875.0
M&G Second Gen	£82,640.2
Aetna Exempt	£80,678.4
CU Equity Inc	£77,390.5

Source: Planned Savings Data Services. Values payable on January1, 1992, assuming £30 per month paid over 25 years.

SIB finds fault with tied agents

WHAT consumers have long suspected about insurance sales agents is true, a new study shows. Those sales agents working exclusively for a single company are more likely to try to sell you an inappropriate policy than an independent agent who can offer you the best product from a group of companies.

Research commissioned by the Securities and Investments Board, the UK's chief regulatory watchdog, examined termination rates of life and pensions policies of 61 major UK companies for 1990. The study, which was not given wide circulation by the SIB, found that up to 45 per cent of policies sold via "direct" or "tied" sales agents are terminated within the first two years of the contract – but only 22 to 32 per *cent of policies sold through* independent financial advisers.

While the number of early terminations of policies sold by IFAs is still troublingly high, the data suggests that sales agents working for one company are even more likely to encourage consumers to sign up for unsuitable products.

Meanwhile, the SIB appears to be backing down from a proposal which would make it harder for direct or tied sales agents to pass themselves off as IFAs. The SIB had considered prohibiting these agents from describing themselves as "advisers" or "consultants."

But in a speech to a life assurance industry group last week, outgoing SIB chairman Sir David Walker signalled *that a ban on that title is* unlikely, although agents may be discouraged from using it on their business cards or stationery.

The SIB has not theorised in public about what could account for different termination rates among categories of sales agent. But because the life industry typically offers higher commissions to exclusive sales agents than to IFAs, consumers must ask themselves whether tied or direct sales agents are rewarded for pushing products, regardless of suitability.

Walker has said that high termination rates are a sign of "unsuitability." Because policies are a long-term commitment, often as much as 25 years, they should not be sold to those who are uncertain that they can keep up premium payments for that long.

Too often, termination in the first two years of a contract ends in tears for the consumer. Commission payments to sales agents are "front ended," which means that the life company devotes the initial months – if not years – of *premium payments to paying* off the sales agent and reimbursing itself for the costs of establishing a new policy. Consumers can lose up to 100 per cent of their initial premium payments, and earn very little return on the portion that has been invested.

The SIB's data – which showed that, overall, a quarter to a third of policies are cancelled within two years – adds fuel to the debate over what sales agents should be required to tell prospective customers about their products and about themselves.

The SIB is considering new disclosure rules that would require sales agents to spell out for prospective customers how much they would get back *if they cancelled early. It is* also considering the best way to tell consumers how much of their investment return will be eaten up by the cost of operating the policy.

Norma Cohen

A plethora of PEPs

ANYONE MIGHT think there was an election on. With personal equity plans (PEPs) thought widely to be under threat of abolition by a Labour government, a blitz of marketing for the products is under way. Many managers are producing attractive offers and discounts to entice customers before the end of the tax year.

Do not, however, allow the political hype to force you into buying a PEP if it is inappropriate for you. If you cannot afford the long-term commitment (and you should think of a PEP as being at least a five-year investment), or would need to dig into other savings to fund it, do not go ahead.

But if a PEP is right for you, and you have not bought one already in this tax year, it would be foolish not to take advantage of the deals on offer. PEPs are unlikely to be this cheap immediately after the election, whichever party wins.

Schroders is re-launching its unit trust PEP to aim for income. A full PEP of £6,000 will include £3,000 invested in the Schroder income unit trust, with the rest put into a managed portfolio of about 10 income-producing equities. A £50 monthly savings plan is also available.

The annual management fee is 1 per cent, and a discount of 1 per cent of the normal front-end fee of 5.25 per cent, plus VAT, is available from February 3 until April 5.

Bank of Scotland's Self-Select PEP has been re-launched, and the bank says it is the cheapest self-select PEP available. There is now no initial charge for opening a plan (there used to be a flat-rate £30 fee), and the annual management fee is 1 per cent of the value of the portfolio.

Dealing charges are higher: 1.5 per cent for transactions up to £5,000, 1 per cent for trades between £5,000 and £12,500, and 0.5 per cent for deals bigger than this. But there is no need to deal if you do not want to.

The Fidelity Double PEP offers a discount of 1 per cent on the front-end charge and will, until March 25, accept orders both for this tax year and for 1992-93.

You can buy both the standard £6,000 PEP (Fidelity has a range of four) and a single-company PEP for both years, meaning that Fidelity can accept lump sums of up to £18,000 now.

Money invested now for next year's PEP will be put into Fidelity's cash unit trust, which is earning interest of 10.31 per cent gross. The charges, including the discount, are 4.25 per cent initially and 3 per cent for the single-company PEP.

If you are interested in Europe, then the Scottish Widows European PEP could be attractive. Its European unit trust will receive £3,000, and the rest will be invested in "a carefully-selected portfolio of four or five companies quoted on a recognised EC stock exchange, other than that of the UK." This takes advantage of relaxations in the PEP rules made in the last Budget.

The discount, of 1 per cent of the front-end charge, is available only until February 14. Investment must be in lump sums of either £3,000 or £6,000.

The charging structure is *complex: excluding the dis*count, you must pay 6 per cent initially and 1.5 per cent annually for the unit trust, and 5.5 per cent plus VAT initially, and 1.5 per cent plus VAT annually, for the share portfolio. Stamp duty is also payable.

The same change in the rules lifts the amount that can be invested in the Edinburgh Investment Trust to £3,000. The trust, the UK's second-largest, forms part of the Dunedin Investment Trusts PEP.

The set-up charge is £24, with annual charges of 0.5 per cent. VAT must be added to both. People wanting to invest up to the full £6,000 limit can buy a "top-up" portfolio of eight to 10 UK shares.

Last, but certainly not least, Scottish Investment Trust is also taking advantage of the new rules to launch a PEP for the first time.

If you opt for a PEP with just £3,000 in the investment trust, you pay only stamp duty. There is no dealing or set-up charge. But there is an initial fee of £24, with an annual charge of £30 plus VAT on a top-up portion of six FT-SE 100 shares which can be used to bring the PEP up to the £6,000 limit.

J.A.

Directors' transactions

LAST WEEK, we commented on the volume of selling by directors, and the trend has continued. Much of this activity has been directors exercising and selling options.

At Farnell Electronics, which makes and distributes electronics and electrical equipment and accessories, E. Hall is the second director to sell stock in the past month. His disposal of 150,000 shares at 240.5p reduces his total holding by more than two-thirds.

A.J. Thomas, the chairman of another electronics company, Diploma, sold 20,000 shares at 263.5p. This follows an announcement accompanying the final results that trading conditions were the worst for more than 20 years. Despite the sale, Thomas retains in excess of 1m shares in the company.

Not every electronics company is having similar problems. Director confidence has been steady and constant at Astec (BSR) over the past three months. B.H. Christopher, the chairman and chief executive, bought 100,000 shares at 12.5p, which brings to 750,000 the number acquired by him and two other directors since last October.

Buying has also been steady at Smith New Court. Two directors, M. Dritz and P.D. Roy, bought a total of 70,000 shares last week at prices from 85p to 90p.

Angus MacDonald

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Shares	Value	No of directors
SALES			
BT	290,365	955	3*
BTR	225,000	908	2*
Diploma	20,000	53	1
Elect Data Processg	5,600	19	1
Farnell Electronics	150,000	361	1
Huntleigh Tech	10,000	30	1*
Invergordon Distill	22,000	59	2
Merrydown Wine	6,426	25	1
Morrison S'markets	45,800	116	2*
Neotronics Tech	11,000	14	1
PCT	78,000	104	2
Reed International	22,000	115	1
Scottish & N'castle	6,500	29	1
Sidlaw	71,250	163	1*
Steel Burrill Jones	3,348	10	1
Tibbett & Britten	40,000	214	1
Yorklyde	20,000	41	1
Young (H)	50,000	29	1
PURCHASES			
Carlton	2,000	10	1
Clarke Foods	67,300	46	1
Clayhithe (CULS)	25,875	16	2
Devenish (JA)	14,000	30	1
First National Fin	110,000	44	2
Hardy Oil & Gas	8,000	11	1
Lucas	50,000	53	1
Monument Oil & Gas	100,000	33	3
Nobo Group	100,000	65	3
Smith New Crt corp	20,000	13	1
Smith New Court	70,000	61	2
Steel Burrill Jones	13,465	38	4
Thames TV	10,000	18	1
Volex	8,500	17	1

Value expressed in £000s. Companies must notify the Stock Exchange within 5 working days of a share transaction by a director. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 13-17 January 1992.

Source: Directus Ltd, Edinburgh

BEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INVESTMENT A/C's and BONDS (Gross)						
Southdown BS	SuperSaver	0273 471671	Instant	£1	10.25%	Yly
Norwich & Peterborough BS	Postmaster	0733 371371	Instant	£1,000	11.30%	Yly
Coventry BS	Instant Option	0203 252277	Instant	£40,000	11.55%	Yly
Northern Rock BS	Eclipse	091 285 7191	60 Day	£50,000	11.61%	Mly
Birmingham Midshires BS	First Class	0800 444109	90 Day	100,000	12.30%	Yly
Heart of England BS	Election Bond	0926 405488	Elec Day	£5,000	12.00%	OM
Skipton BS	Triple Crown Bond	0756 700500	30.4.92	£10,000	12.60%	Yly
Nationwide BS	Capital Bond	0793 694465	2 Year	£25,000	12.30%	Yly
TESSAs (Tax Free)						
Allied Trust Bank		071 626 0879	5 Year	£9,000	13.24%	Yly
National Counties BS		0372 742211	5 Year	£3,000	13.10%	Yly
Lambeth BS		071 928 1331	5 Year	£20	12.90%	Yly
Darlington BS		0325 487171	5 Year	£1	12.90%	Yly
HIGH INTEREST CHEQUE A/Cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	10.00%	Yly
UDT	Capital Plus	0734 560 411	Instant	£1,000	9.90%	Qly
Chelsea BS	Classic Postal	0242 521391	Instant	£10,000	10.70%	Yly
				£25,000	11.20%	Yly
Portman BS	Prestige Cheque	0800 373176	Instant	£50,000	12.00%	Yly
OFFSHORE ACCOUNTS (Gross)						
Portman Channel Islands	Channel Isle Acc	0481 822747	Instant	£500	10.20%	Yly
C & G Channel Islands Ltd	Guernsey Gold	0481 715422	Instant	100,000	11.50%	Yly
Alliance & Leicester (IOM)	Manximum 90 Day	0624 663566	90 Day	£25,000	11.00%	Yly
Yorkshire BS Guernsey	Key Extra	0481 719898	180 Day	£50,000	12.25%	Yly
Bristol & West Intl Ltd	Intl Bond II	0481 720609	30.11.92	£50,000	12.50%	OM
GUARANTEED INCOME BONDS (Net)						
Prosperity Life FN		0800 521546	1 Year	£25,000	9.30%	Yly
Liberty Life FN		081 440 8210	2 Year	£25,000	8.00%	Yly
Prosperity Life FN		0622 690555	3 Year	£25,000	8.80%	Yly
Liberty Life FN		081 440 8210	4 Year	£25,000	9.10%	Yly
Aetna FN		0800 010576	5 Year	£50,000	9.15%	Yly
NAT SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£5	9.50%	Yly
	Income Bonds		3 Month	£2,000	10.25%	Mly
	Capital Bonds C		5 Year	£100	11.50%	OM
NAT SAVINGS CERTIFICATES (Tax Free)						
	35th Issue		5 Year	£25	8.50%F	OM
	5th Index Linked		5 Year	£25	4.50% + infln	OM
	Childrens Bond F		5 Year	£25	11.84%	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross
Fixed= Fixed Rate (All other rates are variable) OM= Interest paid on maturity. N= Net Rate. B= Bond.
Source: Moneyfacts, The Monthly Guide to Investment and Mortgage Rates, Walsham House, Stalham, Norwich.

It's go for gilts

THE PATTERN of post-war years, when inflation eroded conventional fixed-interest values, could now be changing. At present rates, conventional gilts offer a positive real yield after inflation. Above all, they offer security – even the investor of modest means can have certificates issued by the Bank of England, knowing that it guarantees his income payments and to repay the face value of his certificate on the due date.

Conventional gilts form the first three groups under the heading "British Funds" in the *Financial Times'* London Share Service pages. All can be bought through a bank or stockbroker.

If you (or your spouse) are non-taxpayers, you should consider the restricted range of gilts on offer from the post office; such gilts pay interest gross. New issues are advertised occasionally and these are the only stocks on offer direct from the Bank of England.

In the short term, gilt prices tend to fluctuate in the opposite direction to interest rates. When rates rise, gilt prices fall, and vice-versa. In long-term planning, concentrate on the maturity and income guarantees rather than the fluctuations. Plan to make few changes to your portfolio; either hold the gilts to maturity or replace the stock prior to maturity if fluctuations have thrown up capital profits.

The chart shows four major options; you can design intermediate ones by blending different stocks. Since you are dealing with certainty, though, very few stocks will be needed compared with an equity portfolio. In the order they appear in the chart, the three usual options are:

■ Current coupons – bought at about maturity value and enabling you to lock into interest rates for a chosen time period. At present prices, such bonds are yielding between 9 and 9½ per cent.

■ High coupons – taking extra income but at the expense of a capital loss when held to maturity, since such bonds trade above face value.

■ Low coupons – exchanging some income into tax-free capital gain.

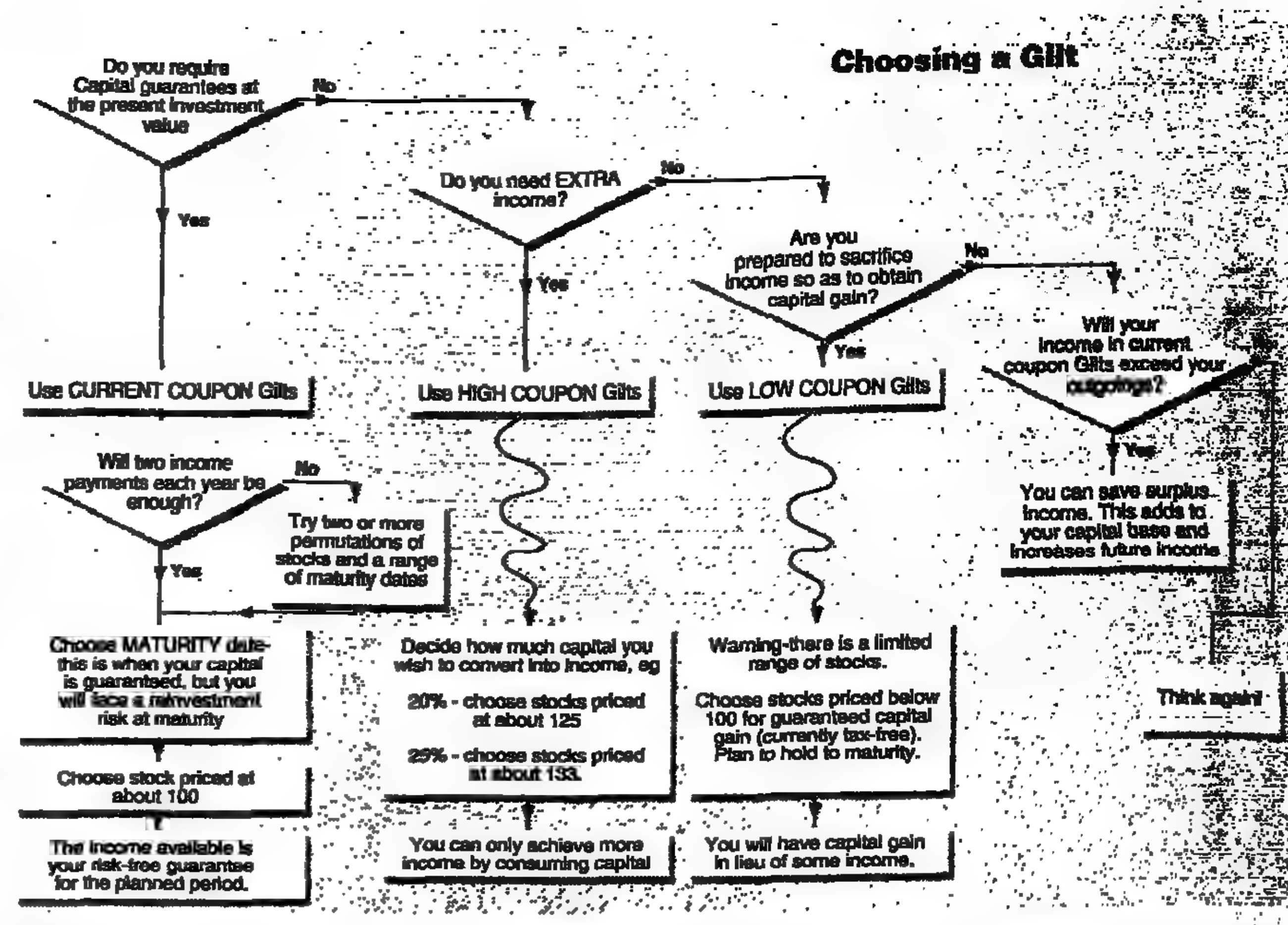
Provided you respect the guarantees and wait patiently for them, these options cover many investment needs. If you are fortunate enough to have sufficient capital to generate more income than you need, then a fourth option arises:

■ Surplus income - can be saved and will, therefore, earn extra income in future. If you can save more than the rate of inflation, then you will inflation-proof both your capital base and your income.

Conventional gilts are the low-risk home for your capital par excellence. For longer-time horizons, I also favour US treasury bonds; but the guarantees are then in dollars and exchange rate movements are, therefore, an additional risk.

David Kauders

□ *David Kauders is an investment consultant based in Taunton, Somerset.*



Hidden risks of metal detection

I HAVE been asked to allow someone to operate a metal detector on my land. I am concerned about the rights and liabilities of both the operator and myself.

Should the operator injure himself could I be made liable for damages?

If anything valuable is unearthed on my land who is the legal owner.

How can I ensure that the land is restored to its original condition.

A written agreement might be desirable but the operator is only pursuing his hobby and I do not wish to put him to any expense.

■ Your concerns are justified. It would be wise to have a short written agreement (informal) signed by both of you in which you are declared to be not liable in respect of any injury to the operator or his goods arising out of the state of the land or anything on or in the land, providing for the operator at his expense to restore the land to its condition as it is before any operation of his and providing for him to report any finds to you and covering who is to have the right to anything found; without such agreement you are the owner of whatever is in your land unless it is treasure trove, in which case it belongs to the Crown.

A matter of fixed interest

IN THE Inland Revenue notes of guidance for the tax return (1991/92) paragraph 72 deals with capital gains tax exemptions and in the section on gilts it also mentions as being exempt "certain corporate bonds eg debentures or loan stocks) acquired after 13 March 1984.

Does exemption apply to convertible preference shares or to convertible loan stocks, with fixed rate of interest? What are the principles governing such exemptions?

■ The definition of "qualifying corporate bond" is complex, and is covered in clause 117 of the current taxation of Chargeable Gains Bill. The relevant definitions of "security" and "normal commercial loan" can be derived from clause 132(2) (b) of the Bill and paragraph 1(5) of schedule 18 to the Income and Corporation Taxes Act 1988, respectively.

Convertible preference shares are excluded from the exemption, and so are convertible loan stocks (except any which are merely convertible into qualifying corporate bonds or are deep-gain securities).

On balance, the qualifying-corporate-bond legislations probably benefits and Treasury – more CGT is saved by the disallowance of indexation losses than is foregone by the exemption of indexed gains.

Ask your tax office for the free pamphlet CGT14 (Capital gains tax: an introduction).

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Meeting the cost of care

AN OLD woman who is living in a private nursing home is infirm and requires a lot of attention. Her resources will soon be exhausted. She has a life interest in a farm and enjoys a small income from it. On her death the farm passes to her daughter.

When her money is used up will the DSS force the sale of the farm with a view to increasing the income available to go towards the cost of the nursing home? Can they touch the capital sum realised.

■ As the person concerned has only a life interest, and no interest in capital, the DSS cannot require her to be treated as having such an interest as would require the capital value of the form to be attributed to her. The DSS cannot in any even require a sale of assets – it only limits the amount payable by way of support by assessing the subject to have the value of the asset, leaving the question of raising funds to the subject (or her family).

Anniversary arguments

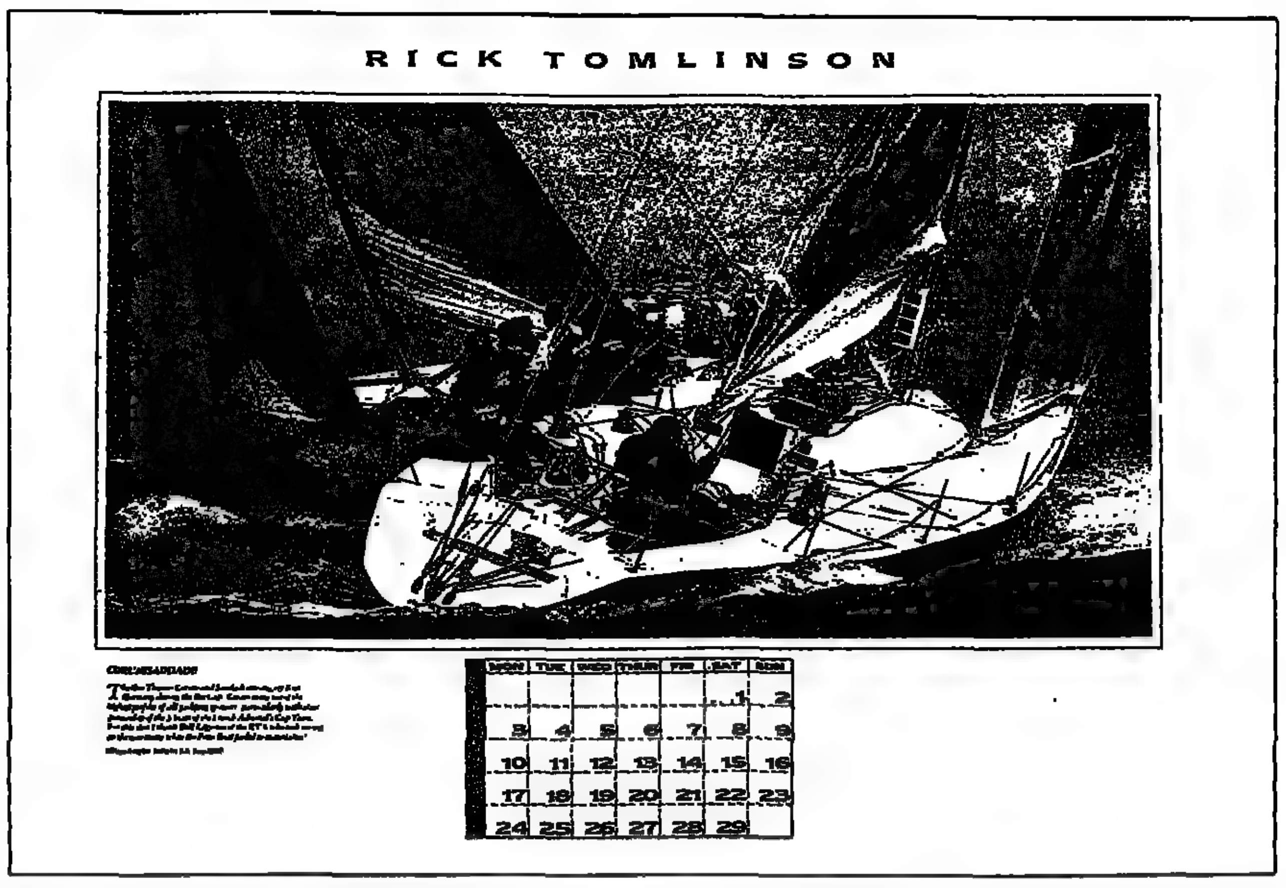
THE Nationwide Anglia insists (a) that a second year instalment for a Tessa can only be paid on or after the anniversary of the account opening. I thought it could be paid after January 1 1992 if the account was opened in 1991 and (b) that the second year instalment can only be £1,800 less whatever interest has accrued from the first year. I say it is the full £1,800.

■ The anniversary is the earliest date for the second instalment which can be the full £1,800 without interest on first year instalments.

MINDING YOUR OWN BUSINESS

A calendar man who aims to sell sails

Keith Wheatley on the ups and downs of Rick Tomlinson's venture into publishing his own yachting calendar



RICK Tomlinson has no difficulty choosing the source of the photographs for the glossy calendar his company publishes. All 12 images are shot by Tomlinson in the course of his work as one of the world's top yachting photographers.

Calendars with every picture taken by one man are not so unusual. One tends to think of Lord Lichfield and a portfolio of semi-clothed young women as being typical of the genre. But Tomlinson does more than take the pictures. He is also publisher, and in just three years he has created a market he now dominates.

The first Tomlinson calendar was the 1989 edition, which cost £9.95 plus post and packing and sold 5,000 copies by mail order. "It somehow made a slight profit, largely because the printer managed to foul everything up, repeated the print run and then gave us a rebate," recalled Tomlinson, with the air of a driver thinking back to a nasty car crash that was just short of fatal.

Inspiration for his project came from the Beken calendar, produced annually with great success by the Cowes family who have been taking genteel, graceful pictures of yachts for over a century. Beken's pictures evoke an endless Edwardian summer. Tomlinson's photos feature more icebergs than picnics. He felt there might be room in the market for both aspects of boating.

"I looked around for a publisher or a backer. Neither were forthcoming," said Tomlinson, who – at 33 – still has the looks and manner of a modest choirboy. "That wasn't too surprising since I was a very naive photographer who had really only been in the game five minutes."

This is a little too self-deprecating. Tomlinson trained in his native Isle of Man as a traditional high street studio photographer whose commissions included the inevitable weddings. "They certainly teach you patience and how to handle people," he says now.

Early in the 1980s he ran away to sea, becoming a professional sailor on the big French multi-hull yachts that then dominated grand prix ocean racing. He crewed on Drum, the maxi-yacht pop star Simon le Bon owned and entered in the 1985/86 Whitbread round-the-world race.

The photos he took – delicate portraits of owner and crew and green-water excitement in the Southern Ocean – led Tomlinson back into full-time photography once the 32,000-mile race ended.

His work took him to regattas all over the world. As a former competitor he was welcome on the best boats, put in the best positions and able to exploit his artistic talents to the full. When the calendar idea took root, he had few assets other than a fistful of glamorous photos and a well-travelled kitbag. Tom Power, a Dublin "yachtie," marketing consultant and friend agreed that Rick had a viable project and offered to back it. Thus reinforced, Tomlinson decided to go it alone.

"My local bank manager gave me a £20,000 overdraft secured against my mother's house and we began production in midsummer of 1988," he recalled. Early support came from marine industries buying the calendar for client gifts; but he was unprepared for the mail-order rush produced by advertisements in the specialist yachting magazines.

"It was a a nightmare in the first year," he remembered. "Travelling around the world to take photos and flying back to St Mary Port to open a snowdrift of orders on my desk. I had no idea the amount of paperwork a mail-order business would generate and it's so time-consuming."

Tomlinson lured his sister, Cathy Kneale, out of her life as a housewife to help. She works full time on the calendar with part-time help taken on at the autumn peak.

After the debacle with the printer, Tomlinson became much hungrier about his print quotes. He found a Dutch company which would print better quality at nearly half the cost. He also broke the advertising budget in the first year, following instincts, not the business plan, he says ruefully.

About 60 per cent of the calendars go to corporate customers, overprinted with company names and personal messages, 30 per cent are sold by mail order to private individuals in dozens of countries, and 10 per cent are sold through yacht chandlers and bookshops.

"We're now printing double the number of calendars for half the original cost, so we must be getting something right," said Tomlinson. He thinks there is potential to double the number of units sold to corporate customers next year. "It is much more profitable than the mail-order side, although it's nice to get flattering letters from people in Japan who want the calendar."

Standing on his own legs

David Spark meets John Franklin, who abandoned the safety of the BBC for an uncertain living making aluminium props which keep yachts steady on the beach

FOR 32 years, John Franklin designed the images projected behind BBC election broadcasters and weathermen. When he left the BBC six years ago, because he could not live with its new management style, he began to work full time in his private business, making telescopic aluminium legs for yachts.

Before Franklin, sailors who wanted to prop-up their yacht on a beach had to use lumps of wood, sometimes with disastrous results. Now, if they have fitted the Franklin system, they have a pair of adjustable legs which clip into special fittings on the sides of the boat. These legs can be extended to the sea bottom. When the tide goes out, the yacht can stand safely on its keel, steadied by the legs, while the sailors sun themselves.

At the BBC, Franklin worked all hours at busy periods and took time off when work was slack. He used this spare time to start a business in his garage, making aids for the assembly of printed-circuit boards at EMI, ICL and other manufacturers.

The idea for yacht legs came from his brother, an ocean-going yachtsman who wanted to buy a ready-made pair and found he could not.

Franklin decided on light, corrosion-resistant aluminium as the best material but found that no-one stocked seamless tubes of the right strength and specification which could telescope together. He had to have dies made for tube extrusion. Even so, the manufacturer proved more adept at raising prices than extruding tubes to acceptable accuracy.

Faced with a choice between giving up the business and finding a new supplier, he found Stubbs Metals, which not only supplied cheaper tubes to a better specification but also absorbed the die costs of £4,000. "If there were more companies like Stubbs," he says "the economy of this country would be in better shape.

He now has a new problem: premises. The workshop where he cuts, drills and coats his aluminium tubes is in a rebuilt barn near Slough, west of London. Next July, such workshops on farm premises will acquire users' rights under European legislation. South Buckinghamshire council is getting in first by issuing stop notices.

Franklin says he and the other six small businesses on the farm can stave off eviction by taking their case to a public inquiry. But, even if they win, they will have to pay more rent because, for example, mains drainage will have to be installed. At present, he pays £3.50 a square foot – but, if you have no work, anything per square foot is a problem.

Franklin yacht legs cost £350 to £950 a pair, and he sold 120 pairs in 1989. The recession struck in spring 1990. Turnover that year was £45,000, yielding no profit above Franklin's salary. Sales in 1991 will probably have been 75 pairs. "At one period, I was sitting here for five weeks and didn't even get a phone inquiry."

Fortunately, he has paid for all his equipment out of income. "We don't need high-precision machinery. We want salt water and sand to escape easily from the leg system." People will keep treating him like a shop, though, so he has to keep stocks of expensive aluminium tubes and castings, which he finances with a £7,000 bank overdraft."

Franklin has taken advantage of the recession to design two new products: cheaper yacht legs, which dispense with two of the three castings in the standard model; and a frame to support yachts while they are worked-on in a boatyard.

Since the frame is for use in the dry, it can be manufactured in steel and he believes there is a world-wide market. A boatyard is keen to take delivery of his second prototype but he reckons he needs several thousands pounds to go into full production.

He says: "It's easy to understand how recession feeds upon itself. We have a new product of high potential; but, on a reducing order book for our existing products, I am apprehensive about borrowing more, particularly with suggestions that interest rates may rise again."

Franklin displays his yacht legs in the London and Southampton boat shows. Most sales are direct to sailors but those to the boat trade are increasing. His terms are cash; no-one gets anything out of the workshop unless the cheque is in the bank.

He has made some overseas sales but has found them time-consuming and expensive, with translation and bank charges. "Freight costs are hard to estimate before a pair of legs are actually made, and you have to spend up to one hours with the freight company filling in the documentation."

Franklin concludes: "Provided the recession does not become more acute, I am confident we can survive. Our biggest threat at the moment is premises. It seems a strange world when small, struggling businesses such as ours are threatened with eviction to deny us users' rights under EC law. We have struggled long and hard to produce a viable business."

■ *The Yacht Leg Co, 80 Crosier Road, Ickenham, Uxbridge UB10 8RR.*

The frankest guide to Manhattan

Nicholas Lander on the man who tells New Yorkers where to go

WOULD you buy a guide to London written by a Muscovite? Or, if you were a publisher presented with the finished manuscript written by one, take the risk of publishing it?

The answers to both these questions must be "No." But in New York (where, as the sweatshirts declare proudly, many are "Born to Shop") the most successful guide – called, appropriately, *Find it, Buy it, Eat it in New York* – is written by Gerry Frank, an Oregonian, born and brought up 3,000 miles away from Manhattan.

But if Frank lacks native skills, he has more than made up for them in other qualities.

Where can you play miniature golf in Manhattan

His guide has sold more than 500,000 copies, most of them to New Yorkers, and has been published in spite of a string of rejection letters from publishers there.

Frank comes from an eminent family which controlled Meier and Frank, the state's largest retailer. As a boy, he worked in its store-room. Then, after stints in the army, Cambridge and Stanford universities and in the front of the stores, he rose to become vice-president. Since the company was sold in 1965, Frank has devoted his time and organisational flair to a myriad of charities, public committees – and to Senator Mark Hatfield, for whom he has been chief of staff in Washington DC for 19 years.

Frank enjoys Washington's corridors of power but not what the capital had to offer socially. Soon after moving to the East Coast, he began to spend weekends in New York. There, like any visitor, he walked the streets. But, like any born retailer, he did so with pen and paper.

Frank quickly compiled the most obvious lists – where to eat, shop and find the best breakfast – but then began to show his pedigree. Which "discount stores" really were cheaper than the department stores, and where could you find a dry cleaner open on Sunday? Where could you play miniature golf in Manhattan? Frank quickly found out.

His large circle of friends soon took advantage of these discoveries and then suggested, selflessly, that they would make a good book. Frank began to approach publishers, who failed to see a market for the guide or the determination of its author.

In 1980, Frank hired a publisher in Oregon and printed 10,000 copies of his first guide at his own expense. Back in New York, he began the hard sell, first at Dalton on Fifth Avenue and then at other large bookstores. Persuaded by his charm (or merely to see the back of him), each ordered a few copies which began to sell.

Frank made them sell even faster. He went on talk shows; he sold to executives at ABC-TV and Merrill Lynch, which ordered the book as corporate gifts, and he worked the more unusual markets. New York Air bought 75,000 copies for a promotion, and one leading hotel a further 5,000.

By 1986 and its third edition, the guide had broken even. Frank had spent several hundred thousand dollars of his not inconsiderable fortune but the arithmetic now is more comforting. It costs $200,000 (£111,700) to print 75,000 copies, which will bring him in almost $400,000. His biggest investment now is in shoe leather.

Over the years, Frank has visited more than 1,400 restaurants and walked in, around and out of every store mentioned (plus, he estimates, about 10 times as many that are not included), while a female assistant does the same for women's stores and beauty salons. Every other weekend, he picks a different district of New York and walks the streets.

When he is not collecting data, Frank collects chocolate cakes. Wherever he travels, he pursues his quest for the perfect chocolate shop. Perhaps he will write a guidebook.

■ *Where to Find it, Buy it, Eat it in New York 1992, by Gerry Frank; $12.95; published by Gerry's Frankly Speaking, PO Box 2225, Salem, Oregon 97308, US, Tel (503) 585-8411.*

PERSPECTIVES

Ivory towers come under siege

***Nigel Spivey** considers the antipathy between the business world and universities*

THE PROFESSOR at a large and prestigious business school in a North American university set his class a question and gave it a list of articles to consult for the answer. When the the students went to the reference library, they found someone had got there first and removed all of them with a razor.

They complained to the professor. Instead of deploring what had been done, he commended it because, he said, it showed the sort of initiative needed in the business world.

That true story dramatises a feeling shared by many academics in Britain: that universities and commerce are not good partners. To which the men of commerce reply: "Those damned dons..."

The damned dons doubtless include some who are in academia because they are too feeble to do anything else; but an intrinsic fear of change does not account wholly for their objections either towards business studies as a subject or else running universities like businesses.

There is a widespread feeling that it is not the business of universities to teach business; that as soon as you start putting university education onto a utilitarian basis, its nature is perverted. This is an odd argument: the instruction of doctors and lawyers was one of the first purposes of our universities.

When initial moves were made in Cambridge to expand courses in management studies, one hostile professor declared to the Senate that "British management" was as much of a joke as British weather or British Rail. He said he saw plenty of British university lecturers being lured to work in the US – but no British managers.

The answer to this sort of hostility is simple. If Britain wants better managers, it ought to take their education seriously and accept the study of management as an intellectual discipline in its own right.

Further donnish dismay is caused, I think, by an association between businessmen and philistines. Again, this depends on ignoring commerce as a traditional buttress of higher education. The last Cambridge college to be founded was Robinson: it was made possible by the success of Radio Rentals. The Cambridge Department of Archaeology is thriving not because of its student numbers but because the late Daniel McDonald, an engineer obsessed by the earliest developments in human technology, endowed it with £10m.

The residual worry to university teachers, though, is whether a business-like attitude towards higher education might mean that in 20 years' time the study of, say, Egyptology would be impossible. And this is the crux of the present debate.

To those involved in it, the situation has become an issue of two cultures: the pure and the applied (or, the pure and the businesslike). This dichotomy quite supplants the old two cultures of C.P. Snow, for the division between pure and applied affects the sciences as much as it affects the humanities.

To the world of commerce, a degree in pure *mathematics* is as useless as a degree in Egyptology. No accountant need be vexed by the concept of an infinitesimal number; if, in the future, mathematics departments are to depend upon accountancy firms for their funding, then the fear is that applied mathematics will bully pure mathematics out of existence.

Snow's two cultures always struck me as a trumped-up thing. It must have been plain to everyone 30 years ago that the divisions within most university English literature departments ran much deeper than any divisions between the "humanities" and the "sciences." And Snow's notion that novelists and arty types have behaved generically like Luddites towards industrial progress now looks outmoded.

My revised two cultures' divide works much better. Its obvious features were satirised neatly in David Lodge's *Nice Work*: pin-stripes v. corduroys, and so on. Poles of opposition are easy to identify, especially using the measure of remuneration. For instance, external examiners – that is, staff from one university who monitor the examinations of another – have been told recently by the new Academic Audit Unit to think of themselves as management consultants.

Fair enough: external examiners perform the task of consultants, reporting on efficiency of teaching, progress of students, success of new courses, and so on. But they do so at a rate of something under £5 an hour. Who has the right to judge their performance by commercial standards so long as they work from vocational motives?

It sounds sanctimonious, but it is true: university teachers do not generally work for the money. So, one can understand the sentiment that when professors begin to be paid like company directors, then university departments can be subjected to the same sort of auditing procedures as a commercial concern.

Resentment against the managerial annexation of the universities ought to be tempered by optimism: after all, it should suit most dons to be paid at commercial levels. But while businessmen may feel frustrated at the way in which the idea of a liberal university education – stated classically last century by the theologian J.H. Newman – still dominates British academia, they must recognise a genuine concern for intellectual standards there.

Imagine that a firm producing canned beans pours money into a nutrition research unit. Would anyone be surprised if it published a report telling us that a can of beans a day was the only way to avoid heart disease? The patronage of university research by private companies always will be prone to this sort of abuse.

There are, however, signs that men of commerce are coming to terms with a fact that redeems the whole notion of an ivory tower.

The pure and the applied constitute, in common parlance, the ivory tower and the real world; what happens in the tower is supposed, commonly, not to integrate with what goes on outside. The history of the advancement of scientific knowledge reveals that supposition as foolish.

So it is that many of the most commercially-successful advances in chemistry came not from directed, applied or "strategic" inquiries but from what scientists call "blue skies" research (or, put another way, the notion that what drops out of the blue skies might be worthless – or worth a fortune).

One example. Herchel Smith was a lecturer in organic chemistry at Manchester when he and a colleague, experimenting on methods of synthesising steroids, came across something which became the contraceptive pill. A patent was secured and neither chemist need ever have done another day's work in his life. But Smith has used his fortune to endow a set of professorial chairs in Britain; and, with his experience of patenting, he has promoted study of the law of intellectual property.

Every company worth the faith of its shareholders ought to be trying to get its hands on a stake in that commodity: intellectual property. It is something which, on the whole, is appreciated better in Germany and the US, but some sectors of British business are well aware of it.

According to a recent survey* of research and development spending, companies such as ICI, Shell, Unilever and Glaxo are most generous. Nuances of emphasis in spending vary; but Michael Elves, director of external scientific affairs at Glaxo, says spending is by no means confined to the sort of directed research which guarantees a quick return.

Glaxo supports contractual research for the sake of convenience – when it is easier to have a particular task assigned to a university laboratory – and provides for a number of studentships and fellowships aimed at producing graduates who will be useful to the company. But it also has endowed several professorial chairs at British universities which are intended solely to further basic scientific understanding.

Of course, such research ultimately might be very much in Glaxo's interest. But the Glaxo philosophy is based on an understanding that the future targets of the company – say, rheumatoid arthritis, diabetes, parasitic diseases, Alzheimer's – are difficult and distant. Short-term applied research is myopic: to see far enough takes time, unrestricted time, in the ivory tower.

So where, you might ask, does this leave our budding Egyptologists?

They might take comfort from the American paradigm: specialised subjects within the humanities survive healthily, for the very good reason that they are fascinating areas of study to some people. If you find a subject fascinating, you tend to do well in it; and a first-class degree in Egyptology is, ultimately, worth more than a third-class degree in economics.

As Newman pointed out: The "opposite of a liberal education is a servile education: the education of slaves, not thinking individuals." In the tradition of a liberal education, it is as valuable to support Ventriss and Chadwick working towards deciphering Mycenaean Linear B as it is to support Crick and Watson on their course to DNA. To quote G.M. Trevelyan, the historian: "Disinterested intellectual curiosity is the lifeblood of civilisation."

Trevelyan's words might well have been used by Enoch Powell, the classicist and former politician, as the epigraph of his recent document** deploring the present government policy of losing the distinction between universities and polytechnics. He declares: "If thought and study had been restricted to whatever held out the prospect of material advantage, that explosive coruscation of human achievement which is European civilisation would never have occurred."

As a former professor of Greek, Powell will know all about Archimedes who is said to have disdained to write any textbooks on the applications of his discoveries, preferring to work upon "speculations whose beauty and subtlety were untainted by the claims of necessity." That university dons are difficult to deal with must be due partly to this Archimedean kind of high-mindedness – a refusal to meet the humdrum world on its own terms.

The irony however, is that the inventions of Archimedes proved useful, within his own lifetime and with his own sanction. Despite themselves, the two cultures of pure and applied can never stay apart for long.

**The Business Contribution to Higher Education: Council for Industry and Higher Education, Summer 1991.*
***Enoch Powell, Of Universities and Polytechnics, Centre for Policy Studies, Sept. 1991.*

As they say in Europe
Watch your tongue!

THE Germans have been pleading for their language to be given appropriate recognition in the European Community: it is, after all, the mother tongue of a quarter of the Community's population.

In London, the *Daily Mail* newspaper has been waging a campaign to ensure English is the language of Europe. French President Mitterrand has said he will sack any of his officials who does not use the "world's most glorious language" when addressing international gatherings.

All this adds up to a greater need for Britons to understand more other languages. A little knowledge is a dangerous thing though, as I found at the age of 12 in Holland.

I asked a friend to tell me the Dutch for "excuse me" and he told me *"donder op."* I got halfway down an Amsterdam tram before it dawned on me that something was wrong. I was actually *saying*: "Get out of my way," rather rudely.

It was silly because the Dutch speak everybody else's language perfectly; if everyone was like them, there would be no trouble. Unfortunately, most Britons are not; and there is a ghastly gamut of pitfalls, misunderstandings and homonyms which, allied to the universal belief that foreigners are stupid or funny or both, can lead to a lot of ill-feeling.

The English laugh at other people's English while remaining less aware of how they can generate endless amusement in France. I have lost count of the number of diet-conscious Britons who have asked if there were, say, *preservatifs dans le gâteau*. In other words, are there condoms in the cake?

The term "cul-de-sac" is perfectly good English; but in France for the past 150 years, it has had to be rendered as *impasse*. Cul-de-sac manages to be lavatorial and genital at one and the same time. And this is the great problem.

Even the sight of certain words in another language can lead to jeering, contempt and coarse allusions. No red-blooded Briton can be initiated to the joys of the *autobahn* without nearly crashing the car on sighting the word *Ausfahrt* at the first exit.

The Germans are defensive about their language. They know that the piling-up of words to make new words, and the minefield of bits of verbs at the end of sentences, is a source of mirth and irritation to other nations. But I recall a magnificent defence of the German language in the *Frankfurter Allgemeine Zeitung* some years ago.

Among other things, it pointed out that other languages lacked German precision. For example, that well-known thoroughfare in England, Old Fish Hill Street, was absurd. Nobody could tell whether it was the fish, the hill or the street that was old. In German, there could be no possibility of any misunderstanding.

Misunderstandings are the norm between closely-related languages. The Spanish find the Portuguese entertaining. *Voce me deixou embaraçada* means "You have embarrassed me" in Portuguese but "You've made me pregnant" in Spanish.

The Slavonic languages are where the fun really starts. It is not surprising that Serbs and Croats are at each other's throats when you know that *bulja* means "head" in Zagreb but "arse" in Belgrade. Then there are simple problems, such as the fact that *zapomnać* is the Polish for "forget." In Russian, it means "memorise."

The worst difficulties arise between Polish and Czech, as I found out some years ago when working in that part of the world. I 'phoned a contact in Prague, but the woman who answered spoke no English or German. Czech is not my language so, drawing on my slender reserves of Polish, I said, "I am seeking Mrs Vesela." My interlocutor said something like: "I don't wish to know that," and slammed down the phone.

The trouble was that the Polish word for "to seek" is *szukać*. In Czech, though, that word is the coarsest way of saying "to make love."

For sheer linguistic confusion, though, it is hard to beat the great novel *All Quiet on the Western Front*. In German, that is the lapidary *Im Westen Nichst Neues* which translates easily into the Polish *Nic Nowego na Zachodzie*. But that title on a book in Czech would mean "There's no paper in the lavatory."

James Morgan

James Morgan is economics correspondent for the BBC World Service.

Polo passions split a village

***Tom Fort** on the 'foreigner' whose plans have caused outrage*

LIFE IN the village of Shiplake, on the river Thames between Reading and Henley, west of London, might appear almost as serene and uneventful as it was in 1850 when Alfred, Lord Tennyson, the poet, married Emily Smallwood in the village church and wrote about the *Thames along the silent level/Streaming thro' his osier'd aits.* It is shaped by the seasons on the river.

High summer brings the ceaseless motions of boats: sleek gross cruisers, polished skiffs, stumpy launches and sturdy punts. Come autumn and winter, the boathouses are closed, the craft disappear. A silent, clammy chill settles on the water. Scratch Shiplake's surface, though, and strong passions are revealed. Tension seethes, antipathies flourish.

Two volatile elements are at the heart of the trouble: a foreigner – and a sport. Between them, they have fractured the village's cherished tranquillity.

The sport is polo, a game favoured by the well-born – and unusual for being played at the highest level by people whose chief qualification often is not talent, but wealth. Imagine that John Paul Getty, having endowed a new stand at Lord's, should open the batting against Australia.

It is only a little less odd that one of the four players in one of the most formidable teams in English polo, the Ellerston Whites, should be its patron, Kerry Packer, reputedly Australia's richest man. Packer has bought his way into the game with a grandiose disregard for cost. His reward is to play with the best – for all that he is in his 50s with a near-fatal heart attack behind him.

It is not Packer's performance on the field that interests the people of Shiplake, however. It is the subtle but determined way in which he was able to transform his estate at Stedham, 50 miles away in West Sussex, into a polo centre, in spite of fierce opposition – and with no more than a nod in the direction of the planning laws.

Initially he told the local council that he was researching strains of hoof-resistant turf and, therefore, did not need planning permission. Eventually, the council tried to check his ambitions and battle was joined. Packer won. He was allowed to run his estate as a polo centre and, crucially, to stage official matches, although he was not allowed to put up grandstands or marquees, instal public address or television equipment, or land helicopters.

Urs Schwarzenbach, a Swiss financier who owns one of Shiplake's grandest riverside houses, is another polo enthusiast. Like Packer, he has his own team, the Black Bears. And he, too, has ambitions for his property – more modest than those of the Australian, but equally contentious.

In addition to his principal residence, Thamesside Court, Schwarzenbach owns two adjoining mansions as well as a farm which covers much of the open land along the river between Shiplake and Henley. He says he was bitten by the polo bug a few years ago. But it was only last year, when a massive construction programme began, that the nature of the infection began to dawn on his neighbours.

It included digging a lake, levelling and sowing two playing fields, laying roads and building bridges, and erecting nearly 100 stables.

What alarmed neighbours more than the noise and the dust of building, however, was that no planning permission had been sought. Schwarzenbach's view – was that what he did on his land was his business.

Matters came to a head one Saturday last June when Schwarzenbach entertained his polo friends on a grand scale. A temporary stand appeared beside one of the pitches and a PA system announced itself. Mercedes, Rolls-Royces and Range Rovers towing horseboxes purred up the drives; helicopters descended; ;security men patrolled.

"This," says the neighbour who leads the anti-Schwarzenbach movement, "is what he calls 'sticking and balling' with a few chums. He has come here and is flouting our planning laws. I can't believe he would get away with it in Switzerland, and he's not going to in Shiplake."

The owners of the villas, bungalows and mock Tudor piles strung along the bank upstream of Schwarzenbach were, they say, ready and willing to welcome the newcomer. But they claim he has broken the rules and upset the even tenor of communal existence.

Schwarzenbach himself remains resolutely in the shadows. Those who speak for him – architects, planning consultants, flooding experts, noise specialists and lawyers – have done their best to persuade local people that they have nothing to fear.

Exhibitions have been staged and brochures circulated. The message is that velvet lawns, stables, avenues of newly-planted saplings, the distant sounds of cantering ponies and stick against ball represent a vast improvement on the unkempt, pick-your-own fruit farm and boat-building business that disfigured the land previously.

Schwarzenbach also has promised repeatedly that he will not stage tournament matches but his neighbours remain sceptical, their suspicions fuelled by his application to build a helipad beside one of the polo fields. The South Oxfordshire District Council has now has issued enforcement notices requiring the dismantling of virtually all the polo-related works. Schwarzenbach has lodged appeals and applied for planning permission. All sides seem ready for a stern battle.

Too high a Costa?

***Nick Inman** and **Clara Villanueva** visit the 'nursing home of Europe'*

"KEEP Gibraltar," Spain's King Juan Carlos is reported to have said to Prince Charles. "Just let us have Javea back."

A sleepy port on the Costa Blanca, Javea could almost be another Home Counties borough were it not for the perpetual sunshine. Its gleaming white houses are fringed by well-intentioned but threadbare lawns and thirsty rose bushes. There is an English school, an Anglican church, a local Conservative branch, a tea room and a charity shop.

Javea is typical of Mediterranean Spain. From Valencia to Gibraltar, the coasts have been taken over by Britons and other northern Europeans. It has been estimated that 7 per cent of the population of Alicante province are what are oxymoronically called "residential tourists." Some resorts have more foreign residents than native Spaniards, posing unusual political and social problems.

According to Francisco Jurdao and Maria Sanchez, authors of a study of Spain's foreign residents, there are 1.5m foreigners living in Spain (including 160,000 Britons) – three times the number of officially registered foreign residents. Exact figures are hard to come by because most residents seek invisibility for tax purposes.

"Don't use my name or say I live here," said one man. "I come for three months at a time as far as the Inland Revenue and the immigration authorities are concerned." These are not film stars and criminals, 80-90 per cent are elderly or early-retired people.

The first settlers arrived in the late 1960s when Spain was a backward country by European standards and desperate for income. Life was cheaper and no town hall clerk dared to wave the planning by-laws at a sterling-bearing foreigner.

Since Spain joined the EC in 1986, the cost of living has soared. Foreign settlers resent the rise. Some claim that, were it not for the reduced winter fuel bills, it would be cheaper to live in Britain. A few have gone home already.

Others would like to but are caught in an expatriate "poverty" trap. The money they would get for their villas would not buy them anything comparable in the inflated British property market.

They are not in Spain because they love it. They have come for the good life in which it is always afternoon and the booze is cheap enough to substitute for tea.

The ex-patriates remain determinedly British. They observe English meal-times; they have their own pubs and clubs, fish and chip shops, newspapers and magazines. They keep their TVs tuned to satellite channels. "Their bodies are in Spain but their brains are in England," said Alan Lipton, former editor of a local newspaper.

The further away Spaniards ("them") and the real Spain are, the better. The language and culture are of little interest to the settlers and the natives are almost an inconvenience: Spaniards, they moan, know all about bureaucracy but nothing about queuing.

Their lingua franca is English. To talk Spanish is almost unpatriotic. Twenty-two per cent of foreigners questioned by Francisco Jurdao and Maria Sanchez on the Costa del Sol did not believe it was necessary to know any Spanish to live in Spain. "To solve the problem of communication," said one, "the Spanish should learn languages because the majority of us find it hard to learn Spanish."

The authorities seem content to leave the foreigners alone in return for their contribution to the country's crucial tourist industry, which accounts for 10 per cent of GNP. In fact, the money they bring to Spain is minimal. Their savings are kept in Gibraltar, Jersey and the Isle of Man – out of reach of British and Spanish tax men. The rich set up offshore companies especially to "buy" their houses and avoid tax.

Until now the two communities – indigenous and settler – have gone their separate ways. But the day of reckoning is at hand. Spaniards are beginning to wonder what has happened to their once-beautiful coasts and who all these people are, living in Spain but refusing to be part of it.

So far, it has been up to each coastal town to cope as best it can. Some have made a good living from the marks, kronas and guilders; but they may yet have to pay the price.

Thirty years ago, Alfaz del Pi (population 7,000, more than half of them foreigners) was a sleepy orange-growing village of dirt roads. Now, it has modern health and art centres, a multi-lingual radio station and children of 18 nationalities at its primary school.

Improvements have been paid-for largely by the town's disenfranchised foreigners. Mayor Toni Fuster waxes eloquent about his "planetary town" with its "great international family," but most of his foreign residents would rather have their cash than the services.

What do you say to a retired foreigner who does not want to pay for all these public works? "It's a question of solidarity," said Domingo Martin, Alfaz's director of services. "No one lives alone."

The foreigners may not agree when they finally get to vote in local elections. The Dutch were deprived of the vote last time by a loophole engineered by the Socialist government, fearful that the "grey vote" would be cast in self-interest. It is unlikely that the government will be able to stop EC citizens voting in the next elections in 1995.

Spain is fast becoming the "nursing home of Europe": a sunny place where colder countries "export" their elderly. Even Japan has flirted with the idea of creating colonies of pensioners on the Costa del Sol.

In the meantime, someone has to clean up the mess caused by three decades of unchecked coastal development. Most estates were built hastily in the days before democracy, conservation and planning. "Someone's going to have to sort out the problems of sewage, rubbish disposal, water pollution, soil erosion and desertification," said a spokesman for Valencia Community's Environment Agency.

If, in a borderless Europe, we all decide to end our days in the sunshine, someone will first have to bring order to the chaos.

Lucia van der Post *gets to the root of hair repair, finds out what it costs to breathe clean air and visits a furniture showroom*

Stresses and your tresses

THERE are not too many growth industries around at the moment but stressed hair seems to be one. J.F. Lazartigue, the Frenchman who is to hair what Jane Fonda is to aerobics, has seen his sales worldwide go up by 20 per cent every year for the last 15 years. Although in France growth last year fell to 5 per cent from the 15 to 30 per cent he had become used to it is still growth.

When times are tough women, it seems, still find time and money to invest in their hair. You probably feel you have more than enough to worry about and are stressed enough already without fresh troubles but, if J.F. Lazartigue is right – and he is in a good position to know – then you had better start worrying now.

"More and more women are coming into my centres with thinning hair," he says.

Women, it seems, do such terrible things to their hair. They perm it and tease it, colour it and twist it. They wash it with shampoos that are too strong and dry it at high temperatures. The world around them does not help either – the air is polluted and then they lead such stressful lives. "All this," Lazartigue is convinced, "shows up in the hair."

He used to be just a simple hairdresser but soon began to specialise in *"defrisage"* (hair-straightening). Most of the women who wanted their hair straightened had badly abused hair. "And," as he puts it so succinctly, "you cannot make a nice hairstyle with poor hair and many of my customers had very poor hair."

He started to make products to deal with the hair conditions that kept turning up in his salon. "Everywhere else there were average products for average hair. Nowhere could I find specialist products to deal with special problems."

The first he made out of beef-marrow, a traditional remedy *de grand-mère*, which he collected from butchers' shops all over Paris on Saturdays and boiled up at home in stock-pots on Sundays. As his product range grew he found the women who came to his salon wanted to buy the products to take home – in other words, they seemed to feel they worked.

He had never wanted to sell just potions – he wanted to find a way of making sure he sold the product that matched the problem.

So the concept of the diagnostic and advisory service developed. Women would have their hair examined – a few hairs would be plucked out and studied under the microscope by a qualified analyst. Only *then* would the right products be prescribed. The first centre opened on the Champs Elysées in 1975 and from the first day women went there with their hair problems. Today there are 140 centres in some 40 different countries.

Having your hair analysed can be, I warn you, a depressing experience. When I dropped into the first ever J.F.Lazartigue Diagnostic and Advisory hair centre some three years ago, the news was all bad. Only one of the some 20 hairs that the delightful Odile put under the microscope could be said to be anywhere near normal. All the others were pronounced no good because the hair was damaged. Baldness stared me in the face. I crept away with a fistful of potions in a plastic bag. Odile did not see me back. If there was any more bad news in the pipeline I did not want to know.

Three years on and, against all the odds still with a full head of hair, I went along to talk, but only to talk, to Jean-Francois Lazartigue as he opened yet another of his hair and treatment centres, this time at 204 Sloane Street, London SW1. Nothing was going to get any of my hairs near the microviewer.

There was the lovely Odile again, hair as lustrously shining as ever and, wouldn't you know, I hardly had my coat off before my hairs were magnified 80 times on the screen.

Odile and I were quite astonished – "Look," she says, pointing to the magnified root on the screen, "a beautiful pear-shaped bulb. The shaft is very healthy, too. Everything is brilliant, you just have a little build-up of oiliness in the roots." Ah, the relief. I can put off the visit to the wig shop.

The roots are, of course, where all the trouble begins. Detergent-based shampoos and stress combine to make the hair bulb produce squalene, an acidic ingredient in sebum, which can damage the hair. "We must catch that now," said Odile and wrote me a chart of what to do. I was prescribed a gentle, non-detergent based shampoo, something to help rebalance the oiliness in the roots, and a conditioner to give everyday body to the hair. Once a week, she suggested, I should set aside 20 minutes and give my hair deep conditioning and restore more life to my highlights.

Does it work? It is hard to say. The products feel and smell good. I like the idea that I am using non detergent-based shampoos, that the products have an air of quality to them. If they do cost more than the usual chemists' range (the cheapest shampoo is £12, the most expensive £19, the colour reflecting conditioners £16 and the most expensive product, for urgent rehabilitation is £28) then I am prepared to pay the difference. Hair products in most stores and chemist shops are very broadly targeted. Everything in the Lazartigue range, on the other hand, has been developed for very specific hair conditions. The acid test seems to me that customers come back.

■ There are three diagnostic and advisory centres in this country: 20 James Street, London W1M 5 HN, 204; Sloane Street, London SW1 9XQ; and the J.F. Lazartigue counter at Harrods, Knightsbridge, London SW1. For those who cannot get to the centres the products are sold in good chemists and by mail order (a questionnaire accompanies the form) from 20, James Street.

Trevor Humphries

"The roots are where the trouble begins." Lazartigue at work on a customer in his Sloane Street advisory centre

Clean air that costs money

AS temperatures plunge most of us turn up the heating. Those with antique furniture, musical instruments or paintings may be nervous about what this does to their cherished objects.

The answer is likely to be a lot of harm. Many a valuable piano or piece of inlaid furniture has cracked and split – not so much because of the heat itself but because of the dryness the heat causes.

But there is no need to panic. Something can be done, and relatively cheaply. Humidifiers deal efficiently with the problem and the simplest humdifier in the world consists of a saucer kept filled with water.

Anybody wanting professional advice might like to know that The Air Improvement Centre at 23 Denbigh Street, London SW1V 2HF, has brought out two leaflets (with the blessings of Sotheby's and the British Antique Furniture Restorers Association) filled with advice on how to care for antique furniture and musical instruments.

Both leaflets are free, both are packed with advice covering everything from where to put furniture, how to wax it and the range of humdifiers available.

The Air Improvement Centre sells humidifiers so, naturally, it has a vested interest in the matter but the leaflets do offer sensible advice.

If you decide to opt for a sophisticated humidifier you can always go along to the centre and buy one.

A simple hang-on radiator humdifier, the Casana 500, for instance, sells for £24.60 while a more sophisticated electric model, the Turmis 200, sells for £98.

Anyone who suffers from sinus problems or hay fever or who feels the air in their home should be cleaner might like to bear in mind that The Air Improvement Centre aims to improve the air you breathe. It has a range of panaceas – ranging from ionisers to air improvers at prices ranging from about £30 to £400.

■ ■ ■

One of my favourite mail order catalogues, L.L. Bean of Freeport, Maine, in the US, has decided to make a big play for the international customer.

It is making it as simple as possible to do as chic Americans have done for generations and dress the L.L.Bean way.

For a copy of the catalogue you either telephone (and L.L. Bean is famous for keeping its shop and its telephone lines open 24 hours a day, 365 days a year (1-207-865-3111, fax 1-207-878-2104).

There is a British address: L.L. Bean Inc., PO BOX 54, Swindon, SN5 8LB.

For those who have not yet discovered the charms of L.L. Bean it was the original purveyor of the much-copied Ivy league look.

It started by specialising in rugged wear for fishing, shooting and other pioneering activities but these days urbanites are as much addicted to chinos, cotton seersucker shirts, handsewn shoes, and rugby shirts.

Since those early days the range has expanded and there is a special range for women which includes sunglasses, walking shorts, canvas shoes, leather belts, khaki culottes – as well as traditional, outdoor gear.

Prices seem reasonable with wool "ragg" socks, for instance, selling at $7 (£3.80) a pair and men's stone-washed jeans selling at $28.50 (£15.70). Bear in mind that you also have to pay postage, packing and any duty.

LvdP

Antiques amid the cactus hatstands

Tony Andrews

Zeev Aram sitting in one of a pair of 18th century yew Windsor chairs beside an Eileen Gray glass and chrome table. In the background is Eileen Gray's Lota sofa

Zeev Aram in the Heath Street shop with an 18th century Germany oak bureau and Shiro Kuramata's chest of drawers

A FEW weeks ago when Zeev Aram, the one-time Israeli sailor who for the last 27 years has run London's finest modern furniture showroom, opened the doors on his latest venture – a brand-new furniture shop in Hampstead's Heath Street – Aram fans could hardly believe their eyes.

There, beside the Eileen Gray sofa, Shiro Kuramata's curving chest of drawers, Gufram's cactus hatstand, were a pair of solid yew 18th century Windsor chairs, a fine 18th century oak German bureau, a Spanish solid walnut table dating from the early 18th century.

For those who over the years have come to regard Zeev Aram as the high priest of modern design and his Covent Garden showroom as its temple it was something of a culture shock, rather like a teetotaller waxing on about the wonders of Claret or Mother Theresa embracing capitalism.

Zeev Aram admits it is something of a new departure: "It is the first time I have had antiques in any of my shops but I hoped that by showing how well good antiques and good modern designs work together I could encourage people to be more adventurous in their own homes." (Good thinking if you aim to sell modern design to all those Hampstead period houses). "So often people see modern pieces and are intrigued and interested by them but they are frightened to buy because they say it won't go with the things they already have. I wanted to show them that what really counts is quality – not age.

"Poor quality pieces, whether new or old, will look shoddy beside fine pieces but if you have fine antiques then the sort of modern pieces I sell should enhance them. Besides, it is sterile and depressing to pursue one particular style to the nth degree."

For Zeev Aram quality has always been what his shop is all about. There is many a would-be fan who has been priced out of the shop by Aram's refusal to have any truck with anything not made as finely and well as can be. *Nothing he has sold has ever* been cheap – though the less well-heeled design fan could go for Alvar Aalto's famous wooden stool at £56 or a Best & Lloyd classic 1930s light at about £100.

Aram originally meant to become an architect. When he discovered that he was endlessly specifying from the same small range of available modern classics he decided he might as well start importing a wider range himself.

His first King's Road shop introduced names and designs that were then unknown in 1960s Britain – Breuer's Wassily chair, Le Corbusier's Gran Confort, Flos's fastidious lighting. The litany of classics brought to the UK by Aram is long and distinguished – from Breuer's chairs in 1964 to Vico Magistretti's latest collection for De Padova of Italy.

Aram's shops are essential for those interested in fine, modern design

For those who missed buying some of these when they first became available the prices make heartbreaking reading – Corbusier's chaise-longue, for instance, was about £190 in 1966 and is £1,480 today, the Breuer Wassily chair first went on sale in 1964 at £49 10s. Today it is £796 while Shiro Kuramata's irregular chest-of-drawers (above) sold for £1,800 in 1981 and is £8,500 today.

Probably Aram's bravest venture was his decision to take the long-neglected designs of Eileen Gray, an Irish-born designer who worked mostly in France before the war, and to negotiate the manufacture and world-wide licensing of her furniture. He become enthused by an exhibition of her work at the Heinz Gallery. Today, because of his initiative, her furniture sells all over the world and I do not know of a sofa I would rather own than Gray's majestically simple Lota.

It cannot have been easy through the years, carving a niche in what is certainly an expensive, corner of the design market but there he still is. Fashions have come, fashions have gone. Blow-up chairs and see-through sofas, folding paper tables and liquorice-coloured lumps of foam have come and gone but Aram Designs is still there, insisting on quality, quality, quality.

There are some who might think that Aram's approach to interior design smacks of an over-refined austerity – but his championing of Gufram's cactus hatstand and the Capitello chair prove them wrong. Nobody could ever accuse him of shoddiness or lack of attention to detail.

Today his range is wider and more eclectic than ever and his shops at Kean Street, Covent Garden, London WC2 and now at 65 Heath Street, Hampstead, London NW3 are an essential stopping-off point for anybody interested in fine modern design. Even those who cannot afford to buy should not neglect to go and look.

An encounter in Peshawar with Afghan men of war

James Henderson watches buzkashi, a test of skill and a battle for power and influence

PERSIA AND INDIA have long been known for their horseback sports. Polo was played there for centuries before it made its way to Britain. At their centre, Peshawar (now in the North West Frontier of Pakistan) has seen countless waves of horseborne raiders and polo players pass through. Recently it has seen another sport, brought by the Afghan refugees fleeing the war in their country.

Driving along the old Charsadda Road out of Peshawar on a Friday morning, we passed a stream of horsemen trotting after one another. Dressed in huge coats, they sat deep in fleece saddles, their legs thrust forward in leather stirrups. They were Afghans; by their Mongol features we could tell that many were from the central Asian steppes.

They congregated on a patch of open ground where there was a frenzied crush of horses, constantly shuffling and kicking up billowing clouds of brown dust. Suddenly a horse emerged at the gallop, knees and hooves flailing, its rider high in the saddle. He spurred his horse away, chased by other riders who grappled at him, but eventually he broke free and charged off.

It was a game of *buzkashi*, a traditional Afghan pastime, uprooted from the highland valleys and the northern plains of Afghanistan and brought to Peshawar by the refugees. In a time of war, this is one of the few pleasures that they allow themselves. These men are the descendants of the central Asian hordes – Mongol horsemen at play.

Originally, *buzkashi* evolved as a test of skill for the horseman, leisure as an extension of work, in which the players competed for the control of a dead calf. It may seem like a rough business (just as you hear lurid stories of polo games played with the heads of war victims, so buzkashi was reputedly played with their bodies), but it is also a clear and subtle expression of the Afghan way of life. Superficially, the riders are struggling for control of the calf, but beneath the breathtaking spectacle there is a parallel struggle for local power and influence.

As each rider makes a successful run, wresting the calf free and charging off, he drops the carcass back in the centre of the press and rides over to one of the older men watching on horseback a little away from the main action.

These are the *khans*, the patrons of the game. They hand over money to the skilled rider (the *khan* is perhaps the owner of the horse that he is riding). The rider becomes famous but his *khan* gains even more in stature. In a country where political power may only stretch for a few miles within a fertile valley, a successful *buzkashi* will extend a khan's influence.

A crowd of spectators had gathered, clustered on high ground above the field of play. Vendors plied up and down with plastic bags of nuts and sliced sugar cane, a sweet thirst-quencher in the heat of the Pakistan winter.

The word *buzkashi* means "goat-dragging," but generally the riders use the carcass of a calf. Its head and hooves are chopped off, making it more difficult to grab, and it is gutted. It can weigh as much as 100lbs, so it is a vast weight to lift with one hand (the other hanging onto the saddle), particularly when feet, stirrups and horses hooves are thrashing about in the dust.

When it has been hauled up into the saddle and the rider is trying to make his way out of the crush, other riders will try to grab it from his hands by pulling at another leg. It is so heavy that the rider has to lean over to counterbalance the weight. Horses are even trained to ride in a circle to make the balancing easier.

As with the rest of Afghan life, there are few formal rules. The riders simply congregate and when there are enough of them to make a game, they start to play. There are no referees and no limits to the pitch. It is a violent crush, but the riders rarely seem to come unseated. Just as in real life, informal alliances are struck between riders as they reach for the calf. A "run" is made when a rider breaks free, carrying the calf, and outpaces the others. Early on, a new calf is unwieldy and difficult to catch hold of, but it softens as the game hots up; the game continues until it disintegrates.

We stood as close as we dared, about 50 yards from the centre. I have a picture of a friend running at full stretch with a posse bearing down on him. He nearly had to jump into the river to get clear, but he survived unscathed; one man we saw was carted off to hospital.

The frenzy of the game is compelling. In the shifting melee the horses move against one another, bulk against bulk, in a fearsome merry-go-round. Whip clenched between his teeth, a rider on the fringes who wants to get into the centre will rear his horse and jump it forward, forcing his way into the middle. In the crush, a horse's head rears and for a split second it freezes against the skyline, mouth open wide and eyes staring wildly. The riders are manoeuvring, trying to get above the calf, looking for an opportunity to reach down and grab it.

In the confusion a space opens and a man drops from the saddle, just keeping his grip in the stirrups, leaning to grasp the calf from among the stamping hooves. He heaves himself back into the saddle and hooks the calf under his thigh. He kicks his horse on, cutting a path out of the crush, looking to break free. But another man is at his side, also grappling for the prize. He lunges and grasps the calf by another leg. Their horses cut free and gallop side by side, followed by a pack of other riders.

The two men face each other, locked in combat over the calf that is slung between them. But the first man, whose grip is more secure, turns his horse sharply and the calf slips from the other's grasp. Still galloping, the victor heaves at his burden, leans sideways again and charges off alone, 100 yards clear. Then he turns back towards the crush. Triumphant, he trots until he gets within 10 yards and then he spurs horse into the melee, rearing it up on its back legs to get into the centre. As he comes to a halt he drops the calf to the ground again, ready for the next play.

A moment later he trots over to the *khans* to collect his reward. He is accompanied by a huge man in thigh-length leather boots, coarse woollen coat open to the waist and Charles Bronson moustache, who addresses the crowd, shouting how bravely the deed was performed.

The crowd laughs when he describes how, with all that exertion, the rider's hat flew off. The crier praises the rider and the horse. As the rider collects his money, the man praises the *khan* who is the horse's owner.

The jolly 'Swiss' of Argentina

Tom Lynch crosses the Andes, European style

SAN CARLOS de Bariloche is a make-believe Swiss chocolate-box resort in the Andes, an Argentinian town that makes woollen goods and chocolate, takes fondue and strudel seriously and has a natty line in log architecture.

The town square is a confident, dark-brown Swiss pastiche overlooking Lago Nahuel Huapi. The concrete hotels have chalet-style wooden roofs and shutters and telephone boxes on street corners have steep-pitched roofs. However, yodelling is not encouraged.

Images of jolly Swiss peasants in costume are used to sell everything – especially chocolate, fondue and woollens – to the tourists who are the town's reason for existing. Bariloche is Argentina's main skiing resort, and is busy with sightseers and hikers when the snow melts.

Whatever an architect might think of Bariloche, it is one of the best bases to explore the Argentinian lake district, and the starting point for a spectacular route across the Andes, using three boats and four buses on a 12-hour trip to Puerto Montt in Chile.

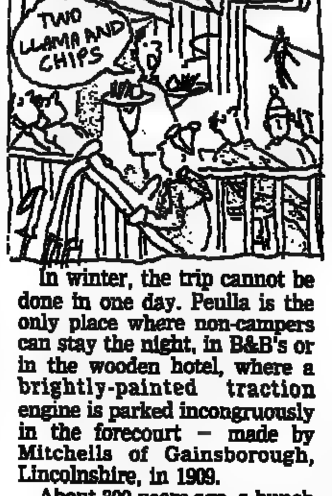
Sidetrips include chairlifts on the Cerro campanario and Cerro Catedral for views of Nahuel Huapi and Lago Moreno, and drives through dramatic valleys to cold, green lakes.

Inland is El Bolson, a little town in a deep, gentle bowl among the mountains, a three-hour drive over high passes on unpredictable gravel roads, past remote wooden houses – some are shacks like the shanties of South American cities, some are sturdy cabins like the ones Wild West heroes used to retire to with their best girl when their days of chasin' outlaws was done.

El Bolson lies among orchards and trout rivers, and appears to be a refuge for hippies who sell each other woollen and leather goods, wooden toys, chocolate cake and wholefood in a street market under the massive, jagged, gap-toothed Cerro Piltriquitron.

The trip to Chile from Bariloche starts at dawn, with a bus ride along the shore of Lago Nahuel Huapi to Puerto Panuelos and a large catamaran across the lake to Puerto Blest. A bus on a dirt road over a pass meets a more basic ferry on Lago Frias, a deep, narrow, chilly, green gash in the mountains, trees clinging to the steep sides.

At the end of the lake is Puerto Frias, no more than the Argentinian frontier post and a log cabin for the guards. Another bus goes over another pass, the shoulder of Cerro Tronador, a three-peaked extinct volcano – one peak in Chile, one in Argentina and one split by the border – and runs down to the Chilean frontier post on the edge of the village of Peulla, in an altogether more pastoral landscape.



In winter, the trip cannot be done in one day. Peulla is the only place where non-campers can stay the night, in B&B's or in the wooden hotel, where a brightly-painted traction engine is parked incongruously in the forecourt – made by Mitchells of Gainsborough, Lincolnshire, in 1909.

About 300 years ago, a bunch of Jesuits, looking for people to convert, reached the top of a ridge in the Andes and looked down on a long green-blue lake, calm and cold between the snow- capped mountains and volcanoes of what is now the Chilean Lake District.

It was All Saints' Day, so they called it Lago Todos los Santos, though the more secular Lago Esmeralda is now gaining ground.

The lake steamer from Peulla to Petrohue doubles as local ferry and post-bus. By the time the area became a national park, some people had settled to graze livestock on the rich volcanic fields and take fish from the clear lake. Their houses are still there.

The steamer stops to meet small boats, to pick up or drop parcels and people. All the time, Osorno, the first of the great volcanoes of the Chilean firebelt, grows larger, snow-covered with a plume of white smoke drifting into the blue sky, steam escaping from a fissure on the slope. At the end of the lake, where the boat pulls in to a pier beside a national parks cabin, the cone of Osorno fills the sky and the road west is blasted through red and black layers of cooled lava.

Travellers can turn north into the lake district, with its forests, and volcanoes, or continue west past black volcanic beaches, through the forests of alerces, the slowest-growing trees in the world, weird-shaped, as if struck by lightning, which take up to 1,800 years to reach maturity.

The Germans who settled the area around the turn of the century enthusiastically chopped the alerces down to build their cabins, until they discovered how long it would take to renew them. Now the trees are protected and forests of conifers are grown to build the wooden houses.

The little towns of the lakes still carry the German stamp, with houses, shops and hotels straight out of inter-war central Europe. Fritz, who flies the flag of Berlin outside his guest house in Villarica, tells with relief how he was sent to Chile to work in early 1939.

The end of the road south and west is the fishing port of Puero Montt, with the gloomy Club Alemane drinking den and a neo-brutalist concrete railway station.

By the harbour, beyond the craft market, is a row of canteen shacks. Outside each, a pot bubbles, full of mysterious seafood. The women shout at passers-by, inviting them to taste the brew and come inside and eat. Travellers with less than absolute confidence in their digestions should head for the more recognisable seafood in the town's traditional cafés and restaurants.

■ The cross-Andes trip was undertaken during a round-the-world journey arranged through Trailfinders. London-Rio, overland to Santiago, Easter Island, Tahiti, Sydney, Darwin, Cairns, Bangkok and London. £2,393.

So near but so far to Dublin

RISING UP through Courtstown Forest, the Way was steep.

A hot spell had turned the pine needles into blonde scented sawdust rather than the grey sludge it normally resembles. Yet expectation made light of the incline. At the stile marking the 1,550-ft crest of the hill, the views were as exhilarating as the map had promised.

Dublin, the Bay and Howth stretched out to the north, virtually beneath one's feet. What makes the Wicklow Way unique among long-distance footpaths is the final section down into the city. How many European capitals could be surveyed from a wilderness mountain peak barely an hour's stroll from the restaurants and shops of a great metropolis?

These are no tame, well-manicured uplands landscaped for the urban adventurer. Glencullen is the last east-west valley before one reaches Dublin itself. Whitewashed farms dotting the lower slopes, huge boulders littering the sheep pastures and the heather-clad slopes of Glendhu and Cruagh mountain remind the traveller remote Scottish glens. Yet as the crow flies it measures just seven miles to O'Connell Street, Trinity College, and the heart of the city.

Country ways predominate here. An old boy in battered thorn-proof trousers and, despite the sun, thick tweed jacket, ambled up Glencullen with me for a mile or two, curious that anyone in possession of his wits should should walk for pleasure.

As the Irish tourist board admits in its literature, the concept of hiking trails is relatively new in Ireland. The 81-mile Wicklow Way, from Dublin to Clonegal, Co Carlow, was opened in 1981 and was the first long-distance footpath in the republic.

My aged companion was anxious about how I would accomplish the journey back from central Dublin to my parked car. "You'll want to take the bus to Bray, it's cheaper than the train," he advised. "But the hell with the money. You're on holiday."

In fact, those enjoying part of a holiday walking on the Way would be hard pressed to spend very much. Despite its proximity (in motoring terms) to major urban centres such as Dublin, Bray and Wicklow, the well-marked track can feel as remote as the Himalayas.

The sense of distant timelessness may be linked to the geological history of the region. The Wicklow mountains, an area approximately 30 miles by 25, are nearly six times older than the Alps.

Probably the best-known peak is Sugar Loaf mountain, south of Dublin. Its almost perfect conical shape is visible almost throughout the 20 miles of walking closest to the city, although the Way never directly touches it.

Sugar Loaf has always been some sort of a focal point. Following the death of Charles Stewart Parnell, leader of the Irish Parliamentary Party and home rule advocate, his followers devised a novel lighthouse to be built on the summit.

Considerable sums were donated but eventually, in the 1950s, the money was used to provide books for the children's library at nearby Bray.

A more understandable historical project are the gardens of the Powerscourt estate, skirted by the Wicklow Way as it ducks beneath the 300 ft Powerscourt waterfall and edges around the deerpark. The Italian and Japanese gardens were started in the 18th century by the Viscounts Wingfield and are considered by some critics as the final flowering of the formal aristocratic garden in Europe.

Back on the Wicklow Way, the serious walker is more likely to be interested in the vegetation underfoot than the borders of Powerscourt. In the mid-section much of the ground cover consists of heather. To the the south, from Aghavannagh to Clonegal, the hills are lower and possessed of wondrous green turf. But remember that the legend of the "hungry grass" is prevalent across Ireland.

Doctrine has it that when pedestrians tread on this fierce vegetation they succumb to sudden weakness and hunger. Tradition explains that the grass occurs where a famine victim died or a coffin was placed during a pause in a mountain funeral procession.

■ *The ITB (150 New Bond St, London W1, tel: 071-493-3201), publishes numerous pamphlets on walking in Ireland, including a detailed guide to the Wicklow Way.*

Keith Wheatley

TRAVEL

Only an earthquake disturbed the peace

***David Pilling** visits Tobago, a backwater hoping to establish itself on the globetrotter's itinerary*

AS OUR JEEP shuddered around the twists and turns of Tobago's churned-up roads, a small earthquake struck.

Tectonic plates collided, lights went out, and buildings shook in the capital, Scarborough. In a remote seismological centre, the Richter scale needle edged its way towards 4.5.

The passengers of our jeep, however, remained blissfully unaware of this momentous event. Tobago's roads are so rutted and our vehicle was in so advanced a state of stuttering and clattering that the mere convulsions of the Earth's crust were not likely to affect us one way or the other.

Tobagonian roads ought not to be this bad. Only a few miles away, on the twin island of Trinidad, is one of the world's largest sources of asphalt. Pitch Lake, the planet's only natural wonder resembling a parking lot, supplies asphalt to smooth the path of motorists in New York and Paris. Paradise to a hassled New Yorker may be two weeks in Tobago's beach-fringed serenity. But to a Tobagonian driver, heaven is a straight road in Brooklyn with no potholes.

Not that bumpy roads should worry the would-be tourist. This is all part of Tobago's character and serves to confirm its reputation as one of the Caribbean's least commercially developed islands.

Unlike most destinations in the region, Tobago has not changed much over the past 50 years. Beaches really are deserted and the tourist still finds himself regarded as an interesting novelty rather than a walking dispenser of hard currency.

Sheltered economically by oil-rich Trinidad, Tobago has not wooed international tourists with the same gusto as its more financially fragile neighbours. With a population of a mere 40,000, it maintains the rural atmosphere of a bygone, gentler era.

The first item of news I heard on local radio was that a watch with a black leather strap had been found in Scarborough; anyone claiming it was invited to contact the radio station. This, I concluded, was an island living in a different age.

The fact that Tobagonian advertisements still promote Guinness as being good for you only served to confirm my impression.

Although tiny – 26 miles by nine – Tobago is topographically so rugged, so choked in virgin forest and so sparsely populated that it appears much larger. Driving around the island it is easy to feel, as one plunges past verdant hillsides – so green and fecund they resemble mounds of freshly tossed salad – that one is exploring a country of far greater dimensions.

Tobago has more in common ecologically with the South American mainland (just seven miles from Trinidad) than with most other Caribbean islands. Trinidad broke off the Venezuelan landmass thousands of years ago, and Tobago in turn snapped off its larger neighbour like a fragment of tooth, before drifting to the north-east.

Scarlet ibis flock back at night in a state of Latin revelry

The islands consequently boast an extraordinary array of bird and plant life; for instance, there are 17 varieties of hummingbird, the smallest of which – the tufted coquette – is outsized by some types of Trinidadian bees.

Such is the proximity of the twin-island state with Venezuela, that the islands' national bird, the scarlet ibis, divides its time between the two. A tourist official told me that the fighter-plane-shaped birds, as vibrant as neon lights, leave Trinidad's Caroni swamp in dignified silence (that being the British heritage) and flock back from Venezuela late at night in a Latin-like state of raucous revelry.

Tobago itself resembles much of central Africa, its hillsides a matted green web of palms and trees, lianas and creaking bamboo. The air is heavy with ooze and sap; all around one hears bleating goats, chirruping birds and cicadas making such a din they sound like the clattering of a shopping cart over cobblestones.

Tobago, unlike Trinidad, is almost entirely rural, the majority of its largely black population garnering some income from fishing or agriculture. The capital, Scarborough – population 4,000 – is more of a market than a town; the only event I saw carrying the least hint of frayed urban tempers was two men arguing over the price of fish.

In one day we managed, at fairly leisurely pace, to circumnavigate the island, with the exception of one section of road which a Rastafarian goatherd assured us was too precarious even for our four-wheeled vehicle.

The names of Tobago's hamlets, districts and towns – Auchensklock, Bacolet, Glamorgan, Mesopotamia, Prince's Bay and Trois Rivieres – conjure up the island's turbulent history which saw it change hands among colonial powers no fewer than 31 times in 100 years. Even the Latvians held sway for one brief period.

Our circuit took us through scores of villages, usually small clusters of stilted wooden houses strewn higgledy-piggledy on the steep hillsides. Most boasted a general store, opening hours "anytime". Many had a blackboard nailed by the door with chalk scrawls advertising specials such as oxtail, shark steaks, cow heel and goat meat. One bore the curious announcement: "Meat for dogs. Rice for dogs."

Many hamlets were so small that their stores doubled as watering holes and gossip shops. "First and Last Cafe and Bar in Castara," one banner warned. Tobago, evidently, was not the place for comparative shopping.

We were tempted into many a local rum shop, most of them dark dens of alcoholism entered through grimy bead curtains. Their proprietors, evidently keen to instil an air of respectability, had often tacked up notices entreating the clientele: "Discuss don't Cuss." One had a neatly handwritten sign on the door of the lavatory beseeching customers: "Please Don't Soil Me with Filt."

We ended up at the eastern end of the island, in Charlotteville, a tiny horseshoe fishing bay whose forested hills rolled into the sea of cat's-eye green. While we were there a wooden fishing boat – the *No Problem* – drifted to the sandy beach, an event marked by the doleful sound of a conch horn.

As the kingfish were unloaded, weighed and gutted on a stone slab, streams of people emerged from the surrounding hills to make their purchases. The sea lapped onto the narrow sandy beach, and a couple of grey pelicans eyed the scraps of fish with nonchalance.

The tranquility of Tobago, typified by Charlotteville, may not last long. The runway at Crown Point airport has recently been extended to allow jumbo jets to land. Tourists from America and Europe will now be able to fly directly to Tobago without the inconvenience of having to change aircraft in Trinidad. There are plans to build more hotels on the island, with several big international chains having shown interest.

The government expresses its determination to pursue an environmentally sensitive form of tourism, by which it means it hopes to attract high-spending tourists in relatively low volume.

However, once Tobago has established its place on the globetrotter's itinerary, it may be hard to control numbers. Next time the ground reverberates in Scarborough, it may not be an earthquake – just another jumbo jet rumbling overhead.

■ **David Pilling** *flew c/o BWIA International (London reservations: 071-839-9333) which operates non-stop flights to Tobago once a week from Heathrow (Apex fares from £689 return).*

Accommodation was arranged by the Mount Irvine Hotel and Golf Club, Tobago. For more information contact Trinidad & Tobago tourist office (081-741-4466).

SPORT AND MOTORING

Bills head coach Marv Levy

American Football/ **Patrick Harverson**

Bills seek their place in history

MARV LEVY, Harvard graduate, history buff and poetry lover, talks a mean game of American football.

The silver-haired head coach of the Buffalo Bills analyses the strategies and tactics of the sport in a precise, elegant manner. His comments in press conferences can come laced with literary allusions. He uses words like "inculcate" and "salient" in pre-game meetings with his team.

Tomorrow in Minneapolis, however, the erudite Levy will leave the talking to his players, who must play a mean game of football if they are to defeat the Washington Redskins in Superbowl XXVI.

The Redskins start as favourites, and are expected to win by at least seven points according to the bookmakers in Las Vegas. Yet for those of us who have enjoyed watching the Bills this season, it is difficult to think of them as underdogs.

Under Levy, Buffalo has set the National Football League alight in the past two seasons with a rapid-fire passing and running game which led the team to a host of high scoring victories.

At the root of their success is the "no-huddle" offense – a tactic that dispenses with the huddle before each play and allows the quarterback to call his own moves. At its best, the no-huddle offense puts points on the board quickly and leaves opposing defenses scrambling to keep up with the pace.

At the heart of the Bills attack are two great players, quarterback Jim Kelly and all-purpose running back Thurman Thomas. Kelly is an experienced leader with a sharp tactical brain and a strong arm, while Thomas is a superb all-rounder, a quicksilver runner and an acrobatic receiver.

Powered by Kelly and Thomas, and supported by receivers James Lofton and Andre Reed, the Bills topped the statistical tables in a number of key attacking categories this season, including most total yards gained and most touchdowns scored.

So with all their offensive firepower, why aren't the Bills favourites to win?

There are two reasons, and both come down to defense. The Redskins' defense is strong, against both the running and the passing game, and it ranks third best in the league for overall effectiveness.

Washington's defense is especially good at "blitzing" the quarterback - in the 16 regular games this season they reached opposing quarterbacks and sacked them 50 times. Kelly has looked vulnerable to the sack in the past, particularly two weekends ago when the Denver Broncos' blitzed relentlessly, giving Kelly insufficient time to get his no-huddle offense into gear.

The fragility of their own defense, which ranked next-to-last in the league this season, is the second reason why the Bills are not favourites tomorrow. They have shown an improvement in the playoffs (holding Denver to just seven points in the AFC Championship game), thanks partly to the return of two powerful players, slashing defensive end Bruce Smith and bulldozing nose tackle Jeff Wright.

Yet in the Redskins, the Bills defense will be facing one of the toughest offensive lines in football. This is where the "Hogs" come in. Hogs is the collective nickname for the enormous front-line that defends Redskins' quarterback Mark Rypien.

Not only are the Hogs good at giving Rypien time to throw long passes to receivers Art Monk, Gary Clark and Ricky Sanders (the protection has been so effective that Rypien was sacked just nine times all season), but they are also adept at knocking holes in defensive lines for backs Ernest Byner, Ricky Ervins and Gerald Riggs to run through.

One big advantage the Redskins have is the versatility of their attack. The Bills rely heavily, perhaps too heavily, on Thomas's all-round skills. Stop Thomas, and Buffalo usually struggles.

Washington's three running backs possess different strengths and styles providing a balance of power and precision. The trio of fleet wide receivers spread defenses and regularly break open for long yardage. The variety of attacking options available to Redskins coach Joe Gibbs helps explain why his team was the highest-scoring unit in the NFL this season.

Yet, as any fan of sports cliches knows, statistics and history mean little when it comes to one Big Game. The difference may ultimately lie in motivation, and how badly each team wants to win.

In this respect, the Bills could have the edge. It has been 363 days since Scott Norwood's potential game-winning kick sailed wide of the right hand goalpost in the closing seconds of Superbowl XXV against the New York Giants, and the determination of the Bills to avenge that loss burns just as bright as it did a year ago.

Both teams have prepared thoroughly, but Buffalo seem to have gone about their business amid the outrageous hype and publicity of Superbowl week in a quieter, more purposeful manner.

And while less than half of the Redskins are survivors from the team's last Superbowl appearance in 1987, the Bills squad is much the same as it was last year. The memories of that game are still fresh for Jim Kelly, Thurman Thomas, and Bruce Smith. My money is on Buffalo to win by three points, courtesy of kicker Scott Norwood.

Tennis / **John Barrett**

Edberg sees off young pretenders

THIS afternoon Monica Seles, the queen of women's tennis, will face the 20-year-old American, Mary Joe Fernandez, in an attempt to grunt her way to a second Australian Open crown to retain tenure of three of the four grand slam championships.

Of the major titles, Wimbledon alone lies in other hands, and this year the 19-year-old Yugoslav double-hander, whose mysterious last-minute withdrawal from Wimbledon last year caused a row, says she intends to make a strong challenge at the world's oldest championship. Only then will we know where among great champions we should rank this remarkable player.

In turn, tomorrow sees an intriguing clash between the two men ranked 1 and 2 in the world – Stefan Edberg of Sweden and Jim Courier of the US. This is a repeat of last year's US Open final, when the 26-year-old Swede lifted his game to undreamt-of heights in 6-2 6-4 6-0 victory that he described as his best-ever tennis.

In spite of a nine-week lay-off, Edberg is almost back to that form under the guidance of coach Tony Pickard, the British Davis Cup captain.

In many ways this has been an historic Australian Open. As if to underline the rapid rise of so many talented youngsters, for the first time we had two unseeded men's singles semi-finalists: Wayne Ferreira of South Africa and Richard Krajicek of the Netherlands. These two 20-year-olds came to the fore at these championships last year by reaching the last 16 unseeded at their first attempt. This time they confirmed their promise.

Ferreira had three good wins. First he beat Karel Novacek (seeded 8) in four sets, then the Wimbledon semi-finalist David Wheaton (15), also in four, and finally the rejuvenated John McEnroe in an absorbing match.

Before that McEnroe, unseeded and unfancied, had played vintage '83 tennis to remind us of his immense talent. First he thrashed defending champion Boris Becker, who seemed determined to prove that he is now a baseliner (how arrogant can you get?); then he thwarted Emilio Sanchez in the match of the championships so far.

After winning the first two sets and being caught at two sets all by the speedy Spaniard, the 32-year-old US left-hander had looked on the point of collapse on a sweltering afternoon. When McEnroe saved three match points in the final set and came through to win it 8-6 after four hours 32 minutes of sweat and toil, he received an ovation that even in his heyday he rarely experienced.

This was a new McEnroe. He competed hard but with complete fairness. He refused to question a single call, and how they loved him. But the effort had taken its toll. In spite of intravenous re-hydration he had nothing left to give.

At full stretch: Stefan Edberg on his way to victory over Ivan Lendl in Melbourne

Ferreira was put in his place by Edberg. But the favourite had to save two set points in the first set before cruising into his fourth Australian final with a 7-6 6-1 6-2 victory, and he was impressed. "Wayne showed that he can really play good tennis; he started fast and didn't seem to be nervous," said Edberg.

Krajicek's victories over former French Open champion Michael Chang (14) and the current Wimbledon champion Michael Stich (4), both in five sets, were immensely impressive. In the past this 6 ft 3 ins Dutchman has failed in long matches, most notably against Ivan Lendl at last year's US Open when he held match point in the fourth set – only to lose it and the next six games as well.

In both his tests here he was magnificently purposeful. Against Chang he threw the fourth set to conserve energy and won the decider 6-3, ending with three aces. Against Stich he could afford no such luxury: he was two sets to one behind.

The way he held his serve, and his nerve, proved the value of his training under the guidance of Amsterdam-based coach Rohan Goetzke. This has included haptotherapy, a means of inducing mental relaxation through touch. The treatment has certainly transformed a man who, in his junior days, was notorious for his instability.

Krajicek's decision to default to the No 2 seed Courier was sad but inevitable after he had retired during his doubles semi-finals with Jan Siemerink against the Australians Todd Woodbridge and Mark Woodforde on Thursday. His serving arm was simply worn out.

"Before this I had never passed the second round of doubles in a grand slam," he said. "Suddenly I'm playing every day. I have only just stopped growing. I haven't got my strength yet, so it's pretty dangerous to play too much tennis." But even after the tournament doctor had warned him of the dangers, he did not find it easy to accept that he should not continue. "It was one of the most difficult decisions I have had to make. It was the chance of a lifetime to play a semi-final of a grand slam. I don't know if it will ever happen again."

Seles had been a trifle lucky to win here for the first time last year. In a tense semi-final against Fernandez she had faced a match point against the tenacious baseliner.

The 20-year-old American will relish the opportunity to challenge her again today after an impressive semi-final win against the No 3 seed, Gabriela Sabatini, that revealed a new, aggressive quality in her play.

Although Sabatini had won nine of their 14 previous meetings, including the last six, the Argentinian had always lost to Fernandez won five of their first meeting as seniors, the last occasion occurring at the 1989 French Open.

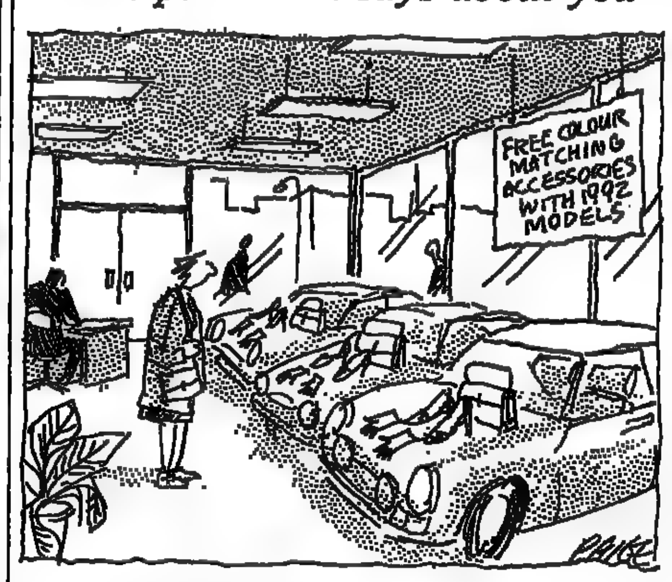
Since then, Sabatini has recovered her poise against Fernandez, but on Thursday she could not cope. "I was surprised how well she played," she admitted.

I doubt if Seles will be taken by surprise today. The champion has looked better than ever, thumping and grunting her way through relentlessly. Even the bright new German star, 17-year-old Anke Huber, who had put out last year's finalist, Jana Novotna, could not detain her long. Nor could the effervescent Spaniard, Arantxa Sanchez-Vicario, in the semi-finals. Sanchez-Vicario was blown away 6-2 6-2. I suspect that the same fate will befall Fernandez.

Motoring

Any colour except red

***Stuart Marshall** asks what your car's paintwork says about you*



OLD HENRY Ford once said, unforgettably, that customers could have one of his Model T "Tin Lizzies" painted any colour they liked so long as it was black. That was before the First World War but change came slowly.

Forty years on, more than one-third of the cars at the Earl's Court motor shows in the years directly after the Second World War were black. If you wanted a colour, not only did you pay extra – you had to put up with paint that lost its sheen and faded fast, however busy you were with polish and dusters each weekend.

Compare the scene today. Fly into Heathrow or Gatwick airports, look at the thousands of vehicles in the car-parks. What do you see? Most are red, white or blue, in that order, followed by grey or silver metallics.

There is a pecking order in paints. Sombre shades are posh. The topmost people choose very dark red (like a glass of Cahors), midnight blue, greens so dark they could be taken for black and of course, black itself.

ICI, a leading supplier of paint to the car-makers, says the once-despised black has made a comeback recently and is being chosen for almost one new car in 10. Surprisingly, it is favoured as a "boy-racer" colour for hot hatchbacks. Perhaps the owners think it makes them less conspicuous when the police are about because, in general, younger motorists go for bright colours.

Psychologists believe driving a bright red car encourages aggressive tendencies, especially among the young. Some years ago, Audi dropped red for that reason. But now you see a lot of new, bright-red Audis. A change of heart by the company? "No, I think perhaps we changed our psychologist," an Audi man surmised.

Colour can make a big difference to trade-in values, as owners of lavender, pink, orange or yellow cars often find to their cost. It does not pay to be too trendy. There is a reward for playing safe.

Still rare in Europe, but tipped by ICI as a rising star, is the pearlescent finish which sparkles subtly because it contains millions of tiny particles of mica. Nearly one American-made car in three now has it and the fashion is likely to cross the Atlantic soon.

Motorists worry less about preserving their car's looks than they used to. ICI approves. Modern paints, it says, are so tough they will last for years. Just remove grime with plenty of water and a few drops of detergent. The whirling brushes of a car-wash will do no harm to the majority of today's models, although abrasive road grit should be hosed off first. And polishing? Once every six months should preserve a showroom gloss, says ICI, reassuringly.

PROPERTY

The marina mystery

John Brennan asks why Britain's 3m sailors do not buy more purpose-built yachting properties

IT SHOULD be a dream for every leisure sailor. Living in a marina home, able to watch sails pass the window and step from the veranda onto your yacht. But if that is the case why are there so many leisure sailors in Britain and so few marina homes?

Equally, why, given that such purpose-built homes are rare, should yacht-orientated housebuilders be suffering just as tough a home sales market as their landlubber counterparts?

The number of people who "mess about in boats" is increasing. The exact number is not known but the figure of 3m active and occasional boat users in Britain is commonly used.

On the supply side of the equation the number of marina homes is quite unrelated to that ostensible demand. In recent years only 1,800 to 2,200 boat-orientated homes have been completed in the south of England.

If 3m boating enthusiasts were in pursuit of a couple of thousand marina homes, this would be an even more exotic sub-division of the residential market than it already is. But it is clear that the majority of casual leisure sailors do not have any special interest in, or the resources to buy, a home by the water.

Boating tends to call for a greater degree of commitment than most leisure activities. As such, the gross figures for the number of active amateur sailors can include a heavy turnover of people who try taking to the water but never become serious. As far as buying a waterside property is concerned, we can further eliminate the substantial number of leisure sailors who use small boats. They may be regulars but for them a permanent marina berth would be unnecessarily lavish.

Many of the often-cited limitations on the supply of marina homes would have been overcome if buying demand had been more consistent. But there are genuine physical constraints on the supply.

The stretches of coastline that the average leisure sailor is happy to set out from, and to sail around, are largely in the south of England. Any changes planned within a harbour, river backwater, estuary, or even mud flat along that coastline is of immense local and, potentially, national interest. Opportunities to create adequate yacht berths and scope to develop berth-side residential property have been scarce.

Nevertheless, outstanding planning applications and currently unused consents for marina properties around the south coast give the lie to the suggestion that building restrictions, ecological concerns or coastal protection matters are an absolute bar on new building. Most of south England's coastal towns are keen to win the extra business that a plush yacht marina attracts.

Infrastructure costs are also an important block to new marina. Even on a small scheme it can cost several million pounds for site preparation, sewage works and water level management before any property is available to generate cash to offset the financing costs. And when it comes to financing costs, the City is highly sceptical of anything with a leisure association.

The financial implications of the marina creations have made City investment funds nervous, not to say terrified. The Brighton Marina fiasco is the main reason. Immense and costly infrastructure works were paid for without any hope of the proposed yacht berth rental business alone generating enough revenue to make the scheme work.

It took George Walker, in his Brent Walker days, to spot the need for more revenue earning facilities and the scope for creating marina islands giving the opportunity to sell marina houses to supplement the boat rentals. As the costly sea walls and water regulating locks had been built and paid for by the ill-advised city funds, Walker was able to make the necessary internal changes without too much expense.

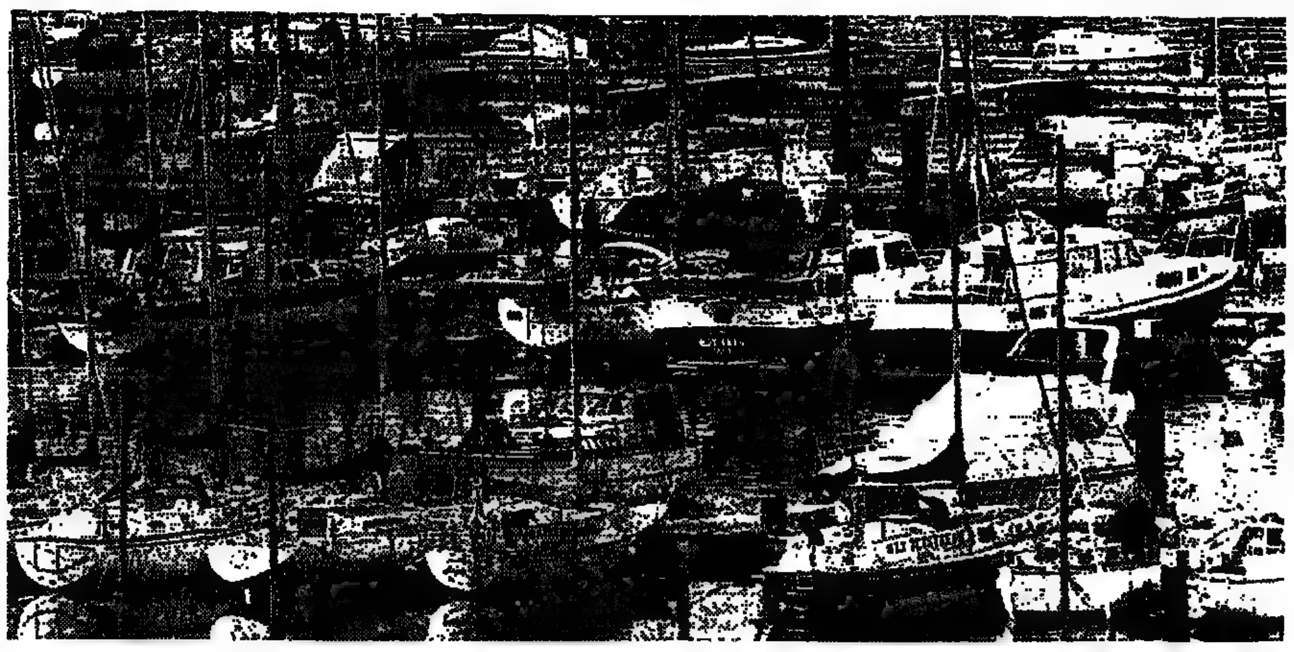
This kind of investment story has had a negative effect on fund managers' willingness to stray into the sector again. Brighton Marina may not be the sole culprit, but it certainly has been one reason why British leisure developers have had to lean more heavily on bank finance than their counterparts in the US or Japan. There, leisure properties are treated as a viable investment suitable for the most staid of the insurance or pension funds. Leisure developers can refinance projects without becoming overdraft-logged like their British counterparts.

Under-financing and corporate death by drowning in an irreversibly rising overdraft proved to be something of a business standard among would-be marina developers in Britain in the late 1970s and early 1980s.

Boat yard and yacht berth owners recognised that change was leading towards a future where boat owners would insist on a better quality of berth, and that demand for moorings outstripped the existing supply. Many owners responded to this with a club house and an in-season shop.

Plans for homes overlooking the boats quickly landed on the authorities' desks. Many of these multi-phase schemes won permission for the early stages which involved change of use of existing surplus commercial or old industrial properties.

A number of landowners and their funders went ahead on this basis even where their architects argued that the scheme would only make a satisfactory living area in its entirety. The owners' concerns only surfaced when they discovered that even boating purists will not pay a waterside premium for a house on a building site.



Glyn Genin

Flagship development: the Brighton Marina which Brent-Walker saved from the financial rocks by adding houses

The simplistic idea that there are so many leisure sailors and so few waterside homes inspired a number of small boat yard owners and local builders to start their waterside cities. A disproportionate number of individual marina schemes stumbled to a halt because of the classic problem for a sole developer: slower than forecast initial sales which crippled cash flow.

Marina Developments' emergence as market leader in the mooring and development business in the 1980s owes much to judicious mergers and acquisitions of waterside projects, some of which fell into the cash-strapped category. Now, five out of the group's 16 coastal and Thameside yacht and boat *mooring sites rate as marina* villages with a total of 450 homes completed.

Like its on-shore equivalents, Marina Developments has stopped building residential units while it retains unsold stock. The company's spread of activities means that it has been able to look to its commercial property and moorings business to help counter the downturn in residential sales. However, a reported 70 unsold flats and houses is a painfully high proportion of the 450 total in its five marinas.

If the market leader cannot sell homes, talk of the marina market avoiding the worst of the sales decline is clearly wrong. But the company reports an air of "quiet optimism", after a successful *London Boat Show.*

A competition offering free moorings for the winners helped attract 700 leisure sailors to sales staff at the Boat Show compared to 100 last year. Basic information gathered from brief interviews will help the company to follow up with an appropriate sales story; whether for a short of long lease mooring, or for one of the marina homes.

The company is active in cross-selling to its wider customer base. Existing long-lease berth-holders are seen as a source of potential marina home-buyers. These leaseholders are being shown how the sale of their mooring rights could generate a good proportion of the cost of a 999 year lease on a marina flat with its own mooring space.

The company is also trying to persuade marina flat owners to buy a house.

Prices range from two bedroom appartments for £70,000 in Milford Haven, west Wales, to large houses with mooring space for the largest vessels near Plymouth and Southampton for nearly £500,000. "There are," says Sue Howson of Marina Developments, "deals to be done."

But the conundrum remains unresolved. Where are all the leisure sailors with the time and cash to rest by the sea? At these prices they evidently represent a far less plentiful species than anyone imagined when first reviewing marina prospects.

Lordship at Standon, Hertfordshire, is for sale at £1.25m or for rent at £3,000 a month

Hertfordshire Tudor Lordship for rent

THE Lordship at Standon is the formal name of the house, but any buyer who wanted to add the Manorial Title to the village of Standon in Hertfordshire need only work out a deal with the present owners who bought the Title a few years ago.

The Lordship is a genuine 16th-century manor house built for Sir Ralph Sadlier, one of the custodians of Mary Queen of Scots. Often in distinguished houses the owners have added wings as the fancy took and the purse allowed. Here, the various owners stopped at eight principal and four secondary bedrooms. The 11-acre estate contains 350 yards of indifferent fishing on the River Rib, a helicopter pad, a hard tennis court, paddocks and landscaped gardens.

The Lordship was brought to the market by Strutt & Parker's St Albans office (0727-40285) last autumn with a tentative asking price of £1.25m for the freehold.

S & P's Anna Rowbottom says: "The owners bought The Lordship around ten years ago when it was divided into two. Now, it is a beautifully restored Manor house, but it doesn't feel at all overwhelming. They have made it an ideal family house."

Ideal or not, £1.25m has proved too steep for the people who have viewed the house so far. Now, in a set-piece illustration of the new question that must face any would-be country home buyer in the next few years, S & P is offering to rent the house for £3,000 a month.

Rowbottom expects rental inquiries from the usual directions for properties of this size: overseas bankers on a short stay in the City, companies keen to have a single country retreat for executives being jetting around the world, or senior business people travelling with their families who need a British base for from six months to a few years.

After allowing for tax and other costs, anyone putting the asking price on deposit and renting instead would be making a large financial saving. On the face of it, the suggested rent barely equals the capital value of a third of the asking price. That reflects a demanding asking price and the current immaturity of the larger country house rental market. But that immaturity will not last for long in face of these kinds of financial alternatives.

John Brennan

INTERNATIONAL PROPERTY

GARDENING

How Virtue can learn from vice

Robin Lane Fox finds some inspiration from the Renaissance

IN GARDENS, improvements wage a constant battle against idleness. During the 1980s, gardens were being improved everywhere. Conservatories sprouted like white mushrooms, designer trellis reached for the sky like orderly bindweed, topiary was back, and neat new house-owners wanted neat little rooms of green.

I met one of these tidy gardeners only last week. In the 1980s, he had his garden designed on the strength of his Christmas bonus. In the 1990s, though, it still needed height and asked for something better than bullrushes in its central oval pond.

I suggested that he should fill in the pond and start again, but the old energy failed him. It sounded, he said, like too much work.

As he turned away, I put an immediate image to his answer, probably because I had just seen it on show in the Royal Academy in London. You can study it for yourself in one of the further rooms of the exhibition of the Renaissance art of Mantegna, one of the capital's best art shows in years.

The painting in question has been overshadowed previously by neighbours in the Louvre, and it does indeed have a Louvre-like combination of yellowing paint and crowds of figures from myth. Nonetheless, it strikes me as a frontispiece for gardeners in the 1990s. I have come to see not what Mantegna meant but what his painting still can mean to us.

On the face of it, the picture is a learned puzzle. The goddess Pallas Athene is shown breaking in to a garden from the left, and joining her attendants in driving all sorts of sinful characters out of the light.

On one side, a very slender lady has turned into a tree and her inconsiderable bosom is sprouting leaves of laurel, although the exhibition catalogue expresses unjustified doubt. Plainly, she is the unfortunate Daphne, who was turned into a tree when one of the gods tried to rape her.

This scene, we infer, is a symbol of vice in the absence of Virtue, the garden-owner. She herself is not shown but is implied, wittily, to be in captivity (to judge from the Latin message on a little label on the large painting's right-hand side). Good Athene is winning the battle, meanwhile, and soon Virtue will be back in her garden, a neat little bower of evergreen buttresses where trees of orange and lemon have been clipped to form tall windows, framing the view beyond.

In outline, the painting's theme is obvious, but the details always are important. There is a good reason to look closely.

Mantegna had been asked to paint it for the private study of a fine young lady of talent – Isabella, of the d'Este family, who had gone to live in Mantua at the tender age of 16.

In her private study, she did not want pin-ups, madonnas or raffish musicians: she wanted puzzling, erudite paintings which she could discuss and explain to her friends. She ought, of course, to have been swotting for a place to read classics at Oxford in 1502, but Mantua and Oxford did not then have an exchange agreement and she had to make do with Mantegna and a private tutor instead.

The more closely you look, the more Mantegna's mind has run riot and the more grateful you are to the academy for giving you the chance to see it in close-up.

At first, you agree with triumphing Athena. The worst of the sins are wallowing in the foreground in the garden pond. Sloth is tugging at Idleness, a Thalidomide creature with no arms; Eternal Hatred is wading in the water, carrying three black bags of seed labelled Bad, Worse and Worst (which I assume to be the white-flowered bitter cress, giant bindweed and fluffy Mares Tail in ascending order of awfulness).

On the right-hand side, Ignorance is being carried by Ingratitude and Greed, who also are leaving the water. How timely, I began to think, is good Athena's arrival: I would hate to find those vices in my swimming pool, especially as it seems to encourage them by some natural power of attraction.

On second thoughts, the certainties waver. In the air above Athena, cupids with spangled wings are dropping their arrows and fleeing from the Moral Minority. Some owl-faced flying creatures are bossily arresting an errant cupid with its armour. The exhibition catalogue says nothing about them, but these owl-like policemen must be minions of owl-faced Athena, carrying out her orders.

Below them, a dreamy, golden-haired Venus is preparing to streak for safety without any more clothes than a bracelet: the naked figure of Lust is making the same arrangements although scaly, misbegotten babies are crawling on her fair upper half. What, I wondered idly, would the garden look like when these revellers were gone?

Too much, I felt, like the designer-patio of my friend with the bonus who had been decorator-turned-gardener in the richer years of the 1980s. Virtue is all very well, but she has planted her evergreen hedges too closely. She has clipped them into arches which are much too tall and has misplaced the windows in the greenery which frame the view.

In the sky above, there are some sinister, shining presences. Three Victorian Values are preparing to return to earth – Temperance among them – while faces have been sketched subtly in the accompanying clouds. Beneath them, a lady warrior of more than human status is fighting the good fight for Virtue: in one of the clouds, I began to think I saw the features of John Selwyn Gummer.

Without some visiting vices, in short, is Virtue's garden really so excellent? Artfully, Mantegna has scattered inscriptions in curious places, several in Latin, one in Hebrew and one in a piece of non-writing which the academy catalogue misdescribes in Greek. Their message, like that of the painting, came home to me at several levels.

Without constant warfare, you might wish to say, Sloth and Idleness will always sit in a virtuous garden and help it to go to ruin. True; but they also stop virtuous owners from improving the mistakes of their own designs.

There is also the matter of vain Venus and her attendant cupids. By driving out Leisure, says one of Mantegna's inscriptions, you break the bow of Cupid. You also, I think, lose the wilderness and romance of a garden's design. Let Virtue loose and she always get it wrong: too neat, too tidy and somehow lacking the art of abandon.

We tended to lose it in the 1980s but, under the banner of Mantegna's moral painting, we need to think again and restore it to the gardens of the next few years.

Plant of the week *(Iris histrioides)*

This is the sturdiest of the very early flowering, bulbous-rooted irises and, in a mild winter, it can be opening its clear-blue, gold-crested flowers out of doors without any protection by the end of January. However its flowers are fairly fragile and easily battered by wind and rain so many enthusiasts shelter them with cloches or sheets of glass held securely above them on wire or wooden supports.

The ultimate in refinement is to grown them in pots or pans in an unheated greenhouse or conservatory, for which purpose they are ideal.

The small bulbs should be planted one to two inches deep in gritty soil and, if they are grown outdoors, a sunny place should be chosen, preferably sheltered from wind. A rock garden or a border against a south or west-facing wall is ideal. **AH**

. . . and Charity went to seed

Arthur Hellyer on the results of a chance encounter

THE MOST spectacular shrub in my garden for some weeks has been Mahonia Charity, a fine evergreen with long leaves composed of a number of holly-like leaflets and small yellow flowers in slender spikes, themselves arranged in large, cartwheel-shaped clusters.

It was a chance hybrid between two wild species named M. lomariifolia and M. japonica which was picked out of a nursery bed early in the 1950s by Sir Eric Savill, who was buying plants for the Savill Garden in Windsor Great Park. When he discovered that, among his plants, he had an entirely new variety, he thought he had been very fortunate; and so he named his find Charity.

Since then, a number of seedlings from Charity have been raised in the Savill Garden and two have been named and distributed. One is called Faith and the other Hope and both can be obtained from the Savill nursery.

Something like 200 seedlings were raised by the late Lionel Fortescue at the Garden House, Buckland Monochorum, Devon, by making deliberate crosses between M. lomariifolia and M. japonica. The idea was partly to test the theory that this really was the parentage of Charity and partly to find out if he could produce something different and possibly better.

The theory was proved correct and some seedlings of great merit were obtained, a few of which were named and two of which, Buckland and Lionel Fortescue, are available fairly readily.

Finally, the Slieve Donard Nursery in Northern Ireland, the area where the accidental cross occurred (although this was not the nursery from which Sir Eric Savill got his plant) also made the cross by hand and gave the name Winter Sun to what it considered the best seedling. This, too, is available from a number of shrub nurseries.

Unlike M. japonica, which spreads and sprawls, Charity and its man-made cousins all grow rather stiffly erect and get to look a little gaunt with age. But they respond well to pruning in spring and this can be done to keep them shorter and make them bushier. My own plant has been shortened once and is now about 9 ft high with many fine flower clusters.

As usual, the first rhododendron to flower in my garden this year was R. nobleanum. (This is also a hybrid between R. arboreum and R. caucasicum) but one that has been made deliberately and repeatedly, the first recorded cross being in 1829. Because of this multiplicity of breeding, with each cross probably made between parents that were a little different, there are many variations on the hybrids themselves.

Not that you will find it easy to buy plants of R. nobleanum. Even the *Plant Finder* is able to list only nine sources; but one of them is the great private woodland garden, Leonardslee in Sussex, which has a small nursery. Inquiries can be sent to Leonardslee Garden, 1 Mill Lane, Lower Beeding, West Sussex.

Rhododendrun nobleanum has small clusters of funnel-shaped, rose-pink flowers which pale to white at the throat. For display, it cannot stand comparison with the splendid Hardy Hybrids that flower in May and early June, but it is a cheering sight on a winter's day when there is nothing remotely like it in flower.

Viburnum farreri is flowering exceptionally well this winter and I rate it ahead of its offspring, V. Dawn, because the stems are more slender and flexible and the flower clusters, although smaller, are more numerous and make, I think, a prettier display. They are apple-blossom pink, paling to white with age, and are scented sweetly; but, on this score, I think there is little to choose between the species and its offspring. The individual flower clusters of Dawn are, however, at least three times the size of those of farreri and they start off a strong rose-pink, paling to near-white with age.

The full story of Viburnum bodnantense Dawn (to give this fine shrub its full name) makes piquant reading. It is a hybrid between V. farreri and the more tender but larger-flowered V. grandiflorum, and the cross was made first in 1933 in the Royal Botanic Gardens, Edinburgh, by Charles Lamont the assistant curator. But he did not think any of his seedlings represented any improvement on either of the parents so he did not even bother to give any of them a name, let alone distribute them.

About 1935, the same cross was made in Lord Aberconwy's garden at Bodnant, in the Conwy River valley in north Wales, with a totally different result. The best seedling was exhibited at a Royal Horticultural Society show in London, received an award of merit and was named Dawn. Years later, Nottcutt's Nursery, which now has its headquarters at Woodbridge in Suffolk, made a similar cross, called its best seedling Deben and got an even higher award from the RHS – a first-class certificate.

The Edinburgh Botanic Gardens had not abandoned its plants, though, and called one of its seedlings Charles Lamont. Whether it has ever been put up for an award, I do not know, but there are good gardeners who consider it the best of the lot.

The happy ending to this story is that although Dawn and Deben are by far the easiest to buy, plants of Charles Lamont are available from at least a dozen nurseries. Consult the *Plant Finder* for addresses.

FOOD AND DRINK

Full-bodied winter warmers

***Edmund Penning-Rowsell** on sherries worth the attention of great wines*

THE BEST moderately-priced *aperitif* in summer must surely be *fino* or *manzanilla* sherry; but, in the six or seven colder months of the year, there is a strong case for fuller-bodied, rich (yet, for the most part, still dry) sherries: *amontillados*, *olorosos* and that comparative rarity, *palo cortado*.

They have a concentration and depth of flavour that is warming and comforting in chilly weather and also can be more interesting drinks than the attractive, light, dry sherries that refresh but do not enrich the palate. More alcoholic, they have powerful aromas and flavours.

They confirm the traditional British preference for full-bodied sherry although, apart from a few special wines, they are not sweet as were most in Victorian times. The 60,000 bottles from the Royal cellars (in Buckingham Palace, Marlborough House, Windsor Castle and Sandringham) that had been accumulating since 1863, and which King Edward VII had auctioned at Christie's on his succession, were mostly "golden."

To a public accustomed to consider sherry as sweet (only a maximum of 15 per cent of sherry produced is *fino* or *manzanilla*), it is a surprise to learn that, if sweetened later, all sherry is fermented-out completely (with the sugar converted into alcohol) and is, therefore, dry. An element of glycerine might give a smooth, slightly sweet nuance to an *amontillado* or *oloroso*.

It used to be considered a mystery as to whether the young sherry in a cask turned out to be a *fino* or an *oloroso*, but modern techniques generally can ensure the result desired. Moreover, certain vineyards in the Jerez area are noted for one or other: for example, Macharnudo for *fino* and Carascal for *oloroso*.

The *finos* produce *flor*: a rather unpleasant-looking thick scum that protects the sherry from oxidation. But *oloroso* either has none or very little; what there might be is killed promptly by fortification with brandy mixed with must.

Whereas *finos* increasingly are fortified as little as possible, up to only 15.5 degrees, *amontillados* and *olorosos* will be upwards from 19 degrees to 21.5 and even higher for very old sherries in which the percentages of water have diminished. But these are not sold commercially.

The *solera* system – which ensures that wines move through a series of "scales" over the years until they reach the *solera* from which the finished wine is drawn – means it is not possible to give an age for a sherry. The average for *finos* is six years and true *amontillados* (*finos* allowed to develop in cask) will have been aged for at least eight years and should be nearer 12. Fine *olorosos* are older, and special blends from very old *soleras* may be from 20 to 40 years in age.

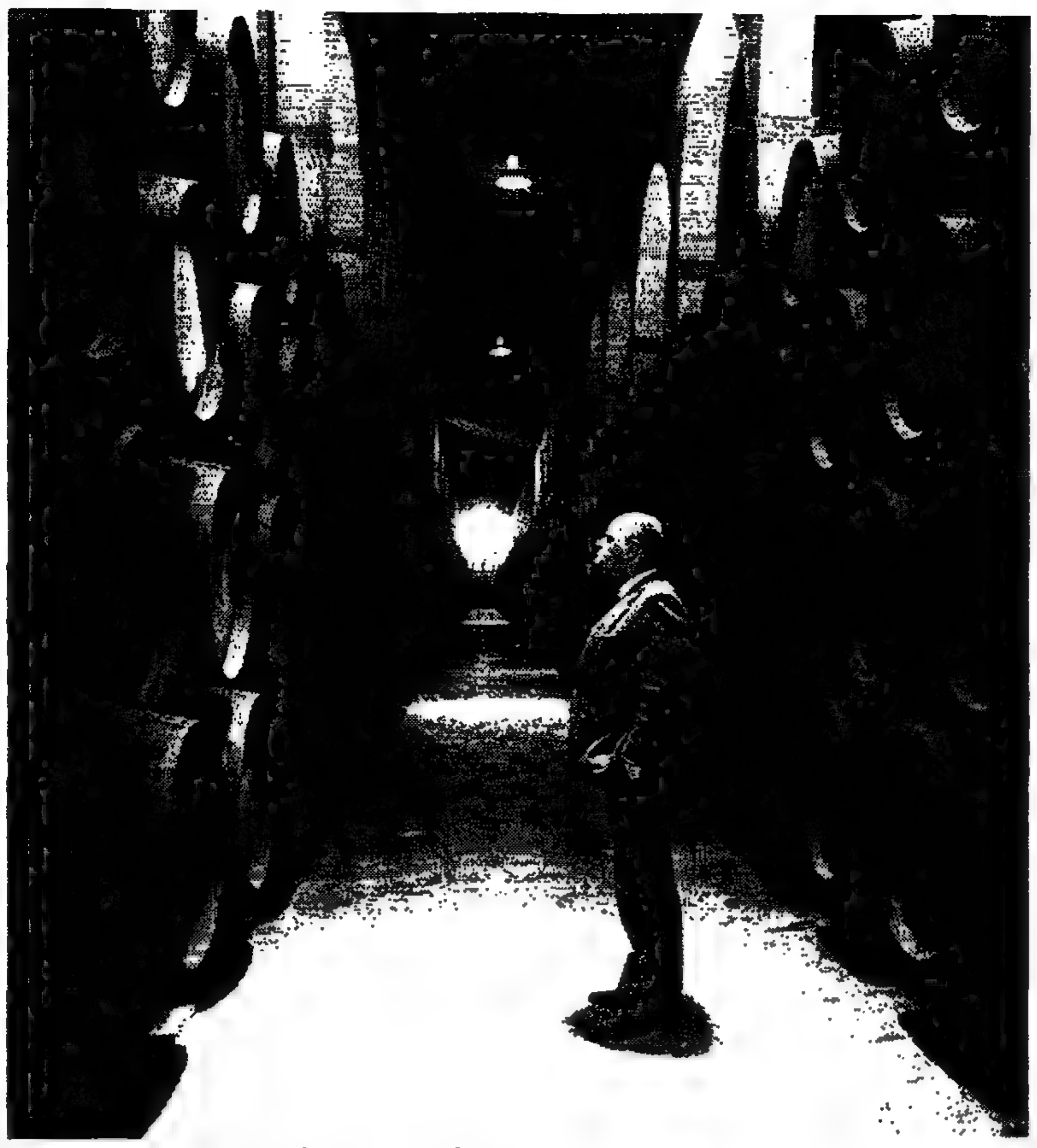
These finer types of sherry are not represented very well in the lists of *some of the more distinguished independent* wine merchants in the UK. This might demonstrate a lack of experience or interest among their customers; but with lists to hand, they are given when available.

Amontillados, noted for their nutty bouquet and flavour, are lighter and generally less alcoholic than *olorosos*. Their *fino* origin makes them less concentrated, although they are very smooth and provide easy drinking. However, those from an old *solera* which seldom is drawn off are very different.

A delicious example is Gonzalez Byass's *Amontillado dell Duque Seco y My Viejo* (Peatling, Bury St Edmunds, Suffolk, £15.49) a rich, concentrated wine with a slightly-smoky nose. A small glass of one of these old *amontillados* and *olorosos* goes a long way. Less concentrated but with a distinguished flavour is Valdespino's *Amontillado Tio Diego* (Wine Society, Stevenage, Herts, £7.85).

Corney & Barrow, London EC3, has a special blend of Garvey's *Old Dry Amontillado* with a clean, dry finish (£9.99); and Philip Eyres, Coleshill, Amersham, Bucks, lists an *Amontillado de Jerez* (£10.76) from the high-quality firm of Lustau.

Although all of these are exceptional wines, my favourite for winter drinking is old, dry *oloroso*. It has a delicious bouquet, a warming flavour and a long finish that can contain a hint of sweetness but is not heavy.



Time for an aperitif: sherry maturing at a Jerez bodega

Adnams, of Southwold, Suffolk, lists Hidalgo's *Oloroso Seco* (£6.86); Harveys of Bristol produces *Adorno*, a fine old *oloroso* bottled in 1974 (£9.50); Peatling has *Apostoles Oloroso Abocado* (£15.49), a wine of great depth with a hint of sweetness; and the Wine Society has the distinctive Valdespino *Viejo Oloroso* (£6.75).

Quite different is the old, sweet *oloroso* of Gonzales Byass listed by Peatling: *Matusalem Oloroso Muy Viejo* (£15.49, also listed by Adnams). This is more for dessert or between-meals drinking unless you share the French sweet taste for *aperitifs*.

A very rare wine is the 70-year-old *Solera Oloroso Extra* of Blazques (Adnams, £26.25) and the Wine Society's 30-year-old, very sweet Carascal *Viejo Oloroso Dulce* (£7.75).

Palo cortado is a very concentrated dry wine, often claimed to have the bouquet of an *amontillado* and the flavour and body of an *oloroso* although more delicate. It breeds no *flor* and is said to have been common before phylloxera destroyed the Jerez vineyards at the end of the last century. Then, it became a rarity found in only one in every 3,000 casks. Today, though, *palo cortado* obviously occurs much more often as it can be found on supermarket shelves.

A wine labelled *palo cortado* that is clearly sweet is not a true one, but Valdespino's *Palo Cortado* (Wine Society £5.75) has a touch of the rich, raisiny Pedro Ximenez sherry used in cream sherries.

Adnams lists Hidalgo's *Jerez Cortado* (£7.35) and the superior *Dos Cortados* from Rosario Farfante (£9.60). Averys of Bristol has a Lustau *Palo Cortado* (£7.39) while Lay & Wheeler also sells Hidalgo's *Jerez Cortado* (£8.30). Finally, from one of the specialist wholesalers, Almacenistas, comes Lustau's *Palo Cortado Cayetino del Pino* (Wine Society, £5.75 a half-bottle).

All these three types of sherry are to be savoured slowly rather than tossed off, and are worth the attention given to great wines.

Eating out/Nicholas Lander

Your guide to the guides

DO YOU long to be a restaurant inspector?

The perks include: free lunches and dinners; travel; being paid for the privilege of eating and drinking; and the opportunity to pass judgment on those who stand and serve.

The reality is very different. Lunch and dinner may be far from memorable and there may be a long stretch of motorway in between. At the end of the day, all that may await is a strange bed, a mountain of paperwork and a creaking digestive system. Small wonder that many inspectors have shorter lifespans than Chicago futures dealers.

This week sees the publication of *The 1992 Michelin Guide to Great Britain and Ireland* (£10), the last of the four major guides for 1992. The others are *The Good Food Guide* (£12.95), *The Egon Ronay Cellnet Guide* (£12.95) and the AA guide (£12.99). They are full of facts, percentages, telephone numbers and ratings. But do not buy any of them if you are looking for inspiration or a sense of fun.

For those who want a guide containing information, description and a sense of the real pleasures that may await, the solution could be to ignore the national guides and invest in new, more particular ones.

Harden's *London Restaurants 1992* (£7.50) is the most practical solution for anyone in town. And I can recommend John and Sally McKenna's *Bridgestone Irish Food Guide* (£9.95) for those crossing the Irish Sea.

However, The *Good Food Guide* remains the most readable of the major players. Its editor, Tom Jaine, a former restaurateur and a knowledgeable food writer, has done a great deal to rectify the quirkiness indulged-in during the 1980s.

But the guide has not sought to match the increasing professionalism of British restaurateurs and hoteliers with more professional and precise inspections that rely less on readers' reports. So, I think the guide, which this year celebrates its 40th birthday, has relinquished pole position.

It is a place the Egon Ronay guide has shown no inhibitions about trying to fill. It is packed with advertisements: the first 20 pages extol Cellnet and the cellular society, followed by an exhortation to eat American ice-cream and then pay for it all with an American credit card. It does seem, however, to have lost touch with the reality of 1992.

This year's awards go to an hotel where a room for the night costs £250, and to two restaurants where dinner for two will be not less than £130. It adds, condescendingly for those who cannot afford those prices, that one of the chefs will soon be opening a new restaurant "to a larger public of smaller means."

The Ronay guide and the AA guide are, however, the most comprehensively descriptive guides to what this country has to offer. Graphically, they both need a major overhaul; lost at night in a country lane with either of these guides, you will need a magnifying glass to help find the way to bed.

Michelin suffers from no such faults. Its city centre maps are clear and its information extensive. Why, then, does it do so little with all these facts?

This year's guide merely tinkers with the starred restaurants. There are no changes among those with two or three stars, and some strange omissions and additions to those with one star. But, the biggest change, unexplained, is the 20 per cent decline in the number of restaurants in England and Wales with a red M – the category of restaurants "supplying carefully prepared meals at reasonable prices."

Has the quality offered in this category – the type of restaurant to which you should be able to afford to go more than once a month – declined so much in one year? If so, Michelin ought to be explaining this, not only to the general public but also to the catering world.

Dreaming of bananas

Starting this week, we plan to feature "The FT Children's Book of the Month" – not necessarily fiction – selected by our critics from the scores of new children's books.

For January: a distinguished Caribbean poet.

TOWARDS THE middle of Derek Walcott's epic-length poem *Omeros* Achille, a poor fisherman named after a hero out of Homer, returns in a moment of visionary ecstasy to his African roots in order to question his own identity. Why was he given such a name? Who gave it to him anyway? And can a descendant of slaves, a no-man amongst nomen, with a dark, unwritten history, ever hope to have a *real* identity at all? Walcott, the most important Caribbean poet of his generation, has wrestled with this theme throughout a long writing life; and it is a pre-occupation that is shared by the poet, anthologist and short-story writer James Berry, whose outstanding new collection of stories for children, *The Future Telling Lady*, has just been published.

Berry was born in a small Jamaican coastal village in 1924 and arrived in London in 1948. For more than 30 years, his adult poetry has explored two themes – that all Anglo-Caribbean writers seem obliged to wrestle with: the nature of personal freedom ("freedom ... is an adventure of a new self"); and the need to achieve some kind of reconciliation between Caribbean speech patterns and English as it is spoken in England.

It is only relatively recently that Berry has turned his attention to writing for children, and the books he has published in this field – one volume of poetry, *When I Dance*, and two collections of short stories – are his most assured achievements to date. His adult poetry has often been marred by odd rhetorical flourishes; the books for children display an unbridled love for what Berry describes as Caribbean "nation language" speech, and seem to be spoken in a wholly authentic voice of his own.

The strongest story of the seven in *The Future Telling Lady* is, as in *Omeros*, preoccupied with the theme of identity. In "Banana-Day Trip", Boy-Don, youngest child of the family, prepares to go on a trip to his granny-May's house where he will stay for a whole week's holiday. All the necessary preparations have been made: the dog Browndash has been brushed and brushed again; the grass has been cut and gathered in for Goaty; special feed has been prepared for Rhino the pig. Now it is merely a matter of waiting interminably for the sound of Mr Burke's banana-truck to come spluttering into the village.

And when the journey is finally under way, Boy-Don experiences a marvellous love for the oceans of yellow bananas that he sees growing in the fields. He thinks of how they will be carried on to the boats at the port and borne across the world's seas ... "He found he somehow had a funny sort of envy for the travel and far-away life of bananas. He imagined how the bananas would travel on a ship on that big, big sea, all landless, touching the skyline all round."

THE FUTURE TELLING LADY
by James Berry
Hamish Hamilton £8.99, 147 pages

Unfortunately, the mood of euphoria doesn't last. Grandmother and her elderly female friend prove to be uncongenial company – especially when they both fall asleep after the mid-day meal and Boy-Don, having been instructed to sit still and rest on the sofa opposite, fears that they may have died on him. Fortunately for the lonely, cheerful boy, he hears the banana-truck moving past the house on its return journey, and Mr Burke agrees to give him a lift back home.

Boy-Don, now an object of ridicule to his brother and sister, salvages his reputation in the only way he know how: by singing one of his mesmerising raps. Poetry and song prove to be the necessary healer.

That poetry-as-song has such a healing effect upon the household is a matter of some significance. James Berry, together with other British-Caribbean voices of recent years (John Agard, for example), has brought back to English poetry some sense of the importance of the link between verse, music and movement. Poems are not merely words on a page. They are triggers for communal expressions of emotion – joy, togetherness, wonder. Boy-Don finds himself again through rap.

This story, full of loving evocations of Jamaican life, stands at the thematic centre of an extremely memorable collection of stories that will be enjoyed by all children of eight and above.

Michael Glover

Jane and Paul Bowles in Tangier with (middle) Jane's beloved, Cherifa

Stoned in the sun

Anthony Curtis enjoys some serious gossip

WHEN HE first went to Tangier in 1931 with Aaron Copland, the 21-year-old Paul Bowles seemed to have a great future ahead of him in music. He went, says Michelle Green, in this new study of the Tangier expatriates, as the composer's "angular blond prodigy". Sixteen years later Bowles set off alone to Tangier with a novel forming in his head, writing it as he journeyed through the Sahara. The next year his wife Jane joined him in Tangier.

Apart from occasional holidays and excursions to other exotic places, the Bowleses stayed put in Tangier for ever after. Jane died in 1973 in a sanatorium in Malaga to which she had gone with the greatest reluctance after the first of several strokes had devastated her fine mind. After her death Bowles stayed on in Tangier. Now, at the age of 82, he is still there, an internationally famous celebrity thanks to Bertolucci's film of his cult-novel, *The Sheltering Sky*.

The Bowles' marriage was a strange one. He was a homosexual Wasp, she was Jewish and lesbian. For a while they were the darlings of radical chic New York. In addition to having a surrealist opera, *The Wind Remains*, performed, Bowles worked as a music critic and a translator for Broadway of French plays.

They gave up the glitzy life without a moment's regret. As soon as she arrived in Tangier in 1947, Jane, whose novel, *Two Serious Ladies* (1943) had given her a reputation as writer to rival her husband's, fell in love with an illiterate young Moroccan woman she discovered in the grain market. After a long, tortuous, costly courtship, she weaned her away from her natural environment to come and live with her.

Two years later Paul's fictional masterpiece about an ill-assorted American husband and wife, whose personalities gradually disintegrate in the glare of the North African desert, appeared. It was followed, at long intervals, by a couple more novels, travel books and volumes of stories. And in 1972 appeared Bowles' autobiography, *Without Stopping*, which William Burroughs said should have been called *Without Telling*.

As the Bowleses might have expected, the distractions they had left New York to escape re-appeared in a more extreme form in Tangier. Other American escapers had joyfully discovered the permissiveness and inexpensiveness of the place. Some of these were rich and grand. All used drugs regularly and most were gay. At the top of the pile was Barbara Hutton and her latest husband, throwing extravagant all-night parties and galas at Sidni Hosni, her palace in the Casbah. Her English friends David Herbert, son of the Earl of Pembroke, and Cecil Beaton, would monitor the list of guests for her.

That ubiquitous scandalmonger, Truman Capote, came out for a while to see what was going on. "The Bowlses", he said "have a sterilised *tout confort* apartment in the new quarter and also a refuge hidden away in the darker Arab neighbourhood: a native house that must be one of the city's tiniest habitations".

The Beats were also curious – Allen Ginsberg and his friend Peter Orlovsky surfaced, and they stayed somewhat longer. So did Jack Kerouac and Gregory Corso. And from England Alan Sillitoe arrived, trying to discover how Tangier behaved during a Saturday night and Sunday morning, and his wife, the poet Ruth Fainlight, who brought with her their newborn baby. She made a friend of Jane Bowles, and was fascinated to watch her with Cherifa (her beloved) in the kitchen preparing a meal. Tennessee Williams, on the rebound from his affair with Frank Merlo and writing *The Milk Train Doesn't Stop Here Any More*, was another temporary escaper who found a welcoming refuge *chez* Bowles.

As must be abundantly clear by now, Michelle Green has written a book of serious gossip. *The Dream at the End of the World* contains riveting pen-portraits of all these people written in relentlessly glossy prose; for example, people rarely simply "go" somewhere they "zero in". Green's theme, if she has one, is the relations of the confirmed *tangerinos* – the permanent European residents – leading their smashed lives, smoking *kif* (cannabis mixed with tobacco) or high on *majoun* (another cannabis confection) with the indigenous *tanjawis*, the local Arab population.

THE DREAM AT THE END OF THE WORLD
by Michelle Green
Bloomsbury £19.99, 381 pages

TANGIER: CITY OF THE DREAM
by Iain Finlayson
Harper Collins £16, 371 pages

Some amusing but already almost forgotten writers like Alfred Chester and Brion Gysin are resurrected. After a shaky start Gysin, also a wit, a painter and a bar-owner, became a collaborator of William Burroughs. The forbidding, grimly dedicated homosexual author of *The Naked Lunch* found a haven in Tangier for a long time.

It was while he and Gysin were there that Gysin discovered the "cut-up". A page of print is divided into four parts and pasted together again in a different sequence. You then read the lines of print as if they were coherent sentences. This juxtaposing of texts to create gibberish was enthusiastically adopted by Burroughs as a significant art form (see *The Third Mind*) – an inward escape from the constraints of conventional writing. Apart from Bowles' smallish sterling output, that would seem to be the main contribution of expatriate Tangier to literature.

Exactly the same ground is covered by Iain Finlayson in his *Tangier: City of the Dream* (which is published on February 13) but in a less frenetic, more methodical manner. Finlayson has a chapter on Joe Orton and Kenneth Halliwell's sojourn in Tangier ignored by Green. He also brings the English tangerinos like Herbert and Rupert Croft-Cooke more into the centre of the picture, which remains a murky one. He is particularly interesting on the city's lethal ethnic cocktail, its mixture of races all living under the same sheltering sky.

Novelist turned critic

UPDIKE'S achievements as an essayist and critic have always complemented his closely observed fictions. Discussing Updike's *Rabbit* novels, Martin Amis once observed that "there is no stopping him commenting on things", and the irrepressible critic who lurks beneath the surface of all of his stories emerges into the full light of day in the wealth of journalism that has supplemented and shored it up.

Odd Jobs is the third massive selection of Updike's occasional pieces. They span the period from 1982 to the middle of 1990, and range from the truly occasional – a reminiscence of Harvard student days, a response to a magazine request for the "Book that changed me" (Kierkegaard's *Fear and Trembling* surprisingly enough), an answer to "Why are we Here?" for a book on the meaning of life – through one-off film reviews of *The Name of the Rose*, reflections upon and tributes to the great and good of American literature, to densely argued essays and lectures upon the nature of writing itself.

At the heart of this collection and of all Updike's journalism, however, are his book reviews, which have been supplied regularly to the *New Yorker* for much of his working life. They are conceived in what one recognises instantly as the genteel, supple prose that characterises a certain generation of that great magazine's contributors, and emphasise how much as a jobbing journalist Updike pares down his style; the overripe imagery and oozing descriptions of his novels are replaced with something that is sharper and more elegant, though just as lively, inventive and perceptive.

Novels of all conditions and nationalities are naturally Updike's main preoccupation. His taste is catholic and immensely tolerant: he can find admirable qualities in Margaret Drabble as much as in Vargas Llosa, confront the *nouveaux romans* of Tournier, Pinget and Queneau as comfortably as a piece of resuscitated Hemingway. The novels are grouped by subject: there are sections on his American contemporaries (though Philip Roth has one all to himself); "Britishers"; the French, and the "Evil Empire"; on post-modernism in its Calvino and Eco brands; and on magic realism in its assorted South American forms.

Almost always he finds something to praise, if only faintly, so that the odd critical blades cut that much deeper. The absence of an authorial personality in Julian Barnes's *Flaubert's Parrot* and *Staring at the Sun* would predictably trouble a practitioner whose own fiction flirts with the confessional; one wonders how Updike responded to the conscious piece of self-confession in Barnes's *History of the World*, which sadly he seems not to have reviewed. And the sloppy and underpowered regularly strike raw nerves – the fiercest notice in the book is reserved for Carlos Fuentes' Ambrose-Bierce-inspired *The Old Gringo* – "Latin-American surrealism has enchanted the globe, but its freedoms cannot be claimed as a matter of course. Mere mannerism results."

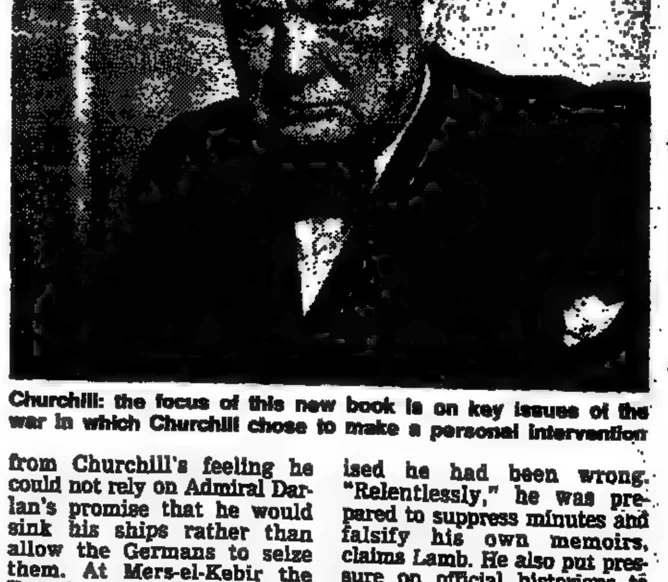
Yet other important non-fiction titles were sent his way too, and what in reviewing fiction is generally a kindly approach tends to develop sharper teeth and claws when moving into the wider literary world. Of Marion Meade's biography of Dorothy Parker he describes the writing as "shoddy, the mood sour and the subject resolutely unsympathetic", though that does not prevent him delving into the squalid intricacies of the Algonquin world. He lambasts the flatness of Peter Ackroyd's prose in his biography of T.S. Eliot and launches his discussion of a biography of Bernard Berenson with the observation that "It is always a pleasure to see a reverenced reputation besmirched".

ODD JOBS
by John Updike
André Deutsch £20, 920 pages

Yet alongside those is a lucid appreciation of Stephen Jay Gould, admiration for Ryszard Kapuściński's artless portrait of Haile Selassie, horror-struck wonder at the letters and drawings of Bruno Schulz. In surveying what amounts to much of the significant literature to have been published over the eight years covered by *Odd Jobs* Updike is never concerned with prescriptions, or with offering a map through the styles and ideas of his contemporaries. Instead he holds up a mirror to the world of letters, one that is truthful and compassionate, in just the same way that his fiction has always reflected the hopes, aspirations and disappointments of his other world, that of middle America.

Andrew Clements

The man who met the hour



Churchill: the focus of this new book is on key issues of the war in which Churchill chose to make a personal intervention

"EVERY FIT male should be made to fight and die for victory ..." Churchill cabled one of his generals after a setback in the Western Desert. And then to his resident minister in Cairo: "Everyone must fight exactly as they would if Kent or Sussex was invaded. Tank hunting parties with sticky bombs and bombards ..."

If most people's impression of Winston Churchill is of a man of great energy and courage, over enthusiastic in seeking to attack, but lacking patience and judgment at critical points, then *Churchill As War Leader – Right or Wrong?* will confirm it. The "right or wrong" addendum is a bit flashy: as this detailed and scholarly sifting of the records makes abundantly clear, most questions about the conduct of the war admit of no such either/or answer.

The author elaborates many errors of judgment on Churchill's part but his overall verdict, as might be expected, is highly laudatory: "Without him Britain would have succumbed in 1940. No other British statesman could have created the same faith in victory and inspired the nation to fight on wholeheartedly when all seemed lost ... Despite many blunders and hasty, impetuous decisions, only one verdict is possible. He was a great wartime leader."

What then is the value of Richard Lamb's new account? It is that by focussing on certain key issues of the war in which Churchill chose to make a personal intervention, his role and his contribution are highlighted.

Thus, in backing the speediest possible evacuation of British forces from Dunkirk, in supporting aid to Stalin, in provoking of Japan so as to bring America into the war, he was "right". In the sinking of the French fleet at Mers-el-Kebir, in the weakening of British strength in Malaya which led to the fall of Singapore, in encouraging the use of atomic bombs against Japan, he was "wrong".

A minor but revealing case was his support of Admiral Sir Roger Keyes. A naval hero of the Zeebrugge raid of 1915 in the First World War, Keyes had the kind of swashbuckling zest for adventure exactly calculated to appeal to Churchill, who appointed him Director of Combined Operations.

Keyes conceived the idea of seizing Pantellaria, a small island between Sicily and Tunisia. Churchill was completely swept away by his enthusiasm, despite the opposition on strong military grounds of the Chiefs of Staff.

CHURCHILL AS WAR LEADER – RIGHT OR WRONG?
by Richard Lamb
Bloomsbury £16.99, 400 pages

In the end the operation never took place, but that did not stop Keyes constantly importuning Churchill. Other schemes of his included invasions of the Azores and the Canary Islands, the Channel Islands and Casablanca, and towing concrete towers out to sea as anti-submarine forts. In the end, and against his instinct, Churchill was forced to dismiss Keyes. This reads (now) more as a comic interlude whereas some of the major mistakes of the conduct of the war have had a lasting effect. The misunderstandings, for instance, documented at length in so many histories and memoirs, which arose with the French and General de Gaulle. Their origin stemmed from Churchill's feeling he could not rely on Admiral Darlan's promise that he would sink his ships rather than allow the Germans to seize them. At Mers-el-Kebir the French fleet was put out of action and many French seamen lost their lives. "The French have never forgiven Churchill and the verdict of history must be that by ignoring Admiralty advice ... he prejudiced the Allied cause ... almost his biggest wartime error," says Lamb, adding that official histories are not to be trusted on this episode.

It is obvious that in the heat of decision-making, as in the heat of battle, mistakes will be made. When it came to recording what happened, Churchill himself was often at pains to disguise his role, when he realised he had been wrong. "Relentlessly," he was prepared to suppress minutes and falsify his own memoirs, claims Lamb. He also put pressure on official historians to conceal chunks from the archives.

For all this, Churchill's feats are in a sense enhanced by his shortcomings which were, so clearly, the obverse of his great virtues. Readers of a generation born after the war, with no direct memory of those cataclysmic times may wonder why these old battles should be argued over again by contemporary historians. The answer is that they were extraordinary times, and Churchill exercised extraordinary leadership. The man met the hour.

David Spanier

What the authoress said to the abbé

A.C. Grayling on two friends who were part of the of charmed circle of the French Enlightenment

HUMAN REASON had one of its apogees in 18th century Europe, and Paris was its capital. Steegmuller's delightful book throws wide a pair of French windows onto this bright epoch by depicting the friendship between two of its principal characters, a Parisian authoress, Louise d'Epinay, and a brilliant Neapolitan diplomat, the abbé Galiani.

These lively figures were in the first circle of those who made the French Enlightenment. The editor of the *Encyclopédie* Denis Diderot, was an intimate friend of both: as were Voltaire, d'Holbach and Rousseau. Most of this circle adhered to the distinguishing principle *of the Enlightenment: that the* unfettered exercise of reason can save humanity by ending the ignorance which impedes progress and keeps tyrants in power. This view was shared by many of Europe's intellectuals. It was therefore an age of debate. In London the *bourses* of ideas were the coffee houses, in Paris they were the salons. Paris's preeminence made it a gathering place for the gifted of all Europe, who met in the apartments of the famous blue*stocking hostesses: Madame* Geoffrin, Mademoiselle de Lespinasse, and the latter's one-time mentor, the blind and formidable Marquise du Deffand, who remarked of St Denis's

Parisian Louise d'Epinay and the Neapolitan abbé Galiani

A WOMAN, A MAN AND TWO KINGDOMS
by Francis Steegmuller
Secker & Warburg £17.90, 280 pages

achievement in walking to Paris with his head under his arm: *"Il n'y a que le premier pas qui coute."*

Another of the salons, different from these in being more intimate and relaxed, where guests could kick off their shoes and talk freely, and where therefore genuine friendships flourished, was provided by the woman whom Voltaire called "the eagle in a gossamer cage": Louise d'Epinay.

Louise was the only child of an aristocratic but impoverished family. After her father's death she was brought up by an uncle, an immensely rich tax-farmer. She married the tax-farmer's son, who in the required manner turned out to be a drunkard and a gambler, and who dissipated his father's estate within a few years of inheriting it. The marriage ended in all but name when Louise found herself suffering a venereal disease he had brought home from the Paris stews.

After the fashion of the time Louise established a de facto marriage elsewhere, which produced two children; later she had a long and happy liaison with Melchior Grimm, diplomat and polymath, a contributor to the *Encyclopédie* and, like his friend Diderot, an adviser to Catherine the Great of Russia. At La Chevrette, Louise's country estate outside Paris, she and Grimm entertained members of the charmed circle, among them the extraordinary Ferdinando Galiani, a tiny man possessed of a towering intellect.

Shortly before her death Louise became the first recipient of the Prix Moynton, instituted by the French Academy for works "beneficial to society." It honoured her dialogue *Les conversations d'Emilie*, a discussion of education – a topic which, before the breach in their friendship, she and Rousseau had often debated, for the age's hopes rested on educating future generations according to Enlightenment principles. But it is her autobiographical novel *L'Histoire de Madame de Montbrillant* for which she is best known. Begun when she was thirty and published posthumously, it was hailed by Saint-Beuve as the best description of 18th century France. "Madame d'Epinay's memoirs are not a book," he wrote, "they are an epoch."

Between the little abbé and Louise there grew an enduring and affectionate intellectual comradeship. Galiani had attracted the notice of Naples when still very young, with his monograph *On Money* and his scholarly work on Italian antiquities. Later he wrote one of the few treatises on economics to be regarded at the same time as a literary classic, the famous *Dialogue on the Grain Trade*. It is a loss to learning and literature that his chief endeavours as a writer were, for most of his working life, dedicated to official reports.

When Galiani was first accredited to the court of Versailles he hated Paris: it was cold, foggy and wet, and he wrote plaintive letters home begging to be recalled. But when he entered salon society he found himself lionized by it for his wit and erudition, and an enduring love affair sprang up between him and the city. Years later, when he was obliged to quit Paris permanently, he was heartbroken; but his doing so was the occasion for his correspondence with Louise, who undertook to keep him in touch with Paris and its doings, and who faithfully honoured her promise. Galiani reciprocated by writing to her of life at Naples. The resulting exchange provides the basis for Steegmuller's portrait of their friendship and the age in which it flourished.

Steegmuller here displays the same gracefully sure touch as in his biography of Apollinaire. The result is a very good book, full of pleasure and instruction. It deftly portrays a civilised aspect of history's finer side, and makes one long to see it restored.

Intoxicated by the memory of things past

FOR LOVERS of Proust, there can never be too much. His great novel, *Remembrance of Things Past*, 1¼ million words, fills well over 3,000 pages in English translation. Now we have a third volume of letters, selected from six volumes of *the comprehensive original* French edition which has already reached Volume 16.

When the present volume starts, Proust is aged 40. He is an invalid, confined to his room by asthma. Three years earlier, in 1910, he was able to go out all day in a closed car; after a year this had to stop, but he could still go to the beach; then it was evenings only; and by now he can only manage downstairs for an hour or two every few days. In 1912 he is describing his daily fumigations, a largely ineffectual attempt to help his breathing, which last seven or eight hours at a time. His single meal is at five in the morning.

Proust had once been an active man. He had even done national service as a soldier and was still on the reserve. Now he lived at second hand through his friends, insisting that they tell him every detail of the parties he could no longer attend. In his letters he pours out his gratitude and affection to the literary men and titled ladies whose lives he had shared, and he carefully husbands his memories of past times. Sometimes he is petty and conspiratorial. Always he luxuriantly relishes the *delights of small things*: flowers, dress, language, writing at unashamed length about the modulations of his sensibility. There is scarcely a word of self-pity.

MARCEL PROUST: SELECTED LETTERS, VOLUME 3, 1910-1917
edited by Philip Kolb, translated by Terence Kilmartin
HarperCollins £40, 434 pages

Many of the letters are about plans for his book. At this time he had in mind two volumes only. The first was published at his own expense, and he conscientiously warned that the second would be a little indecent. When *Swann's Way* appeared in 1913, it was at once recognised as something entirely new. Publishers vied to offer him money but he insisted that he would keep to the former arrangement and put up the capital himself.

The outbreak of war in August 1914 changed everything. Proust, guilty at being too ill to fight, spends much of his strength offering comfort to the bereaved. "But, and I say this not only for him," he writes in characteristically tortuous style about one of his many friends killed in the fighting, "not even as much for him as for others, the dead live *in me* to such a degree that not being able to find them on this earth seems to me to be somehow devoid of meaning, and I find myself in the state of mind of a madman."

The war ruined the publishing industry and threw all Proust's plans for his book into uncertainty. Patiently the invalid went back to his desk and to his memories, revising and expanding and composing until the novel grew to eight volumes. As Proust himself knew, it was an amazing achievement which could only have happened as a result of a unique combination of disasters – *although, with his* intense experience of suffering and his acute sensitivity to language, he would have squirmed at the editor's comment that the war was a "blessing in disguise."

For most readers the main interest of the present volume is likely to lie in Proust's occasional descriptions of what he wanted to achieve in his novel, especially his ambition to catch in words the strange workings of the involuntary memory. The voluntary – intellectual – memory, he writes in 1913, gives us only imprecise facsimiles of the past which no more resemble the reality of the past than paintings by bad artists resemble the spring. "But if we get a whiff of a long-forgotten smell, we are suddenly intoxicated, and similarly we think we no longer love the dead because we don't remember them, but if by chance we come across an old glove we burst into tears."

The translation is by Terence Kilmartin, who sadly died a few months ago. He had earlier prepared the authoritative version of the complete novel, available from Penguin.

William St Clair

Jazz nut to the rescue

THE SIGHT of Sol-swigging hipsters three deep at the bar and waitresses busily weaving across a packed dancefloor is not one you would naturally associate with a business in receivership. But this is the Jazz Café on a Monday night and the receivers have been a supporting act since November.

Proprietor and founder Jon Dabner owes his creditors, of which the brewer Whitbread is the largest, £1.3m. The receivers, at Messrs Cape & Dalgleish, say the company is insolvent and will sell the business as a going concern for upwards of £300,000. Dabner, who says the place has no future without him, has brought in a company doctor *to negotiate on his behalf* and appointed a new/manager to help in the crisis management. The deadline for tenders is March 31.

Roger Gewolb, lawyer, former merchant banker and public company finance director and now head of London turnaround specialists Roger Gewolb Corporate Renewal, is a jazz nut and thinks the Jazz Café is a "very special place". This is a special job for him and his team since the club is a business without any tangible assets but is not in hock to a bank. Unusually, the receivers' client, Whitbread, could have a vested interest in the club's resuscitation, Gewolb says. His job is to convince the brewer, and the receivers, that with a solid management team he can help it move into profit. "Jon has built a fine business in a very short time and were it not for the recession and thin management he might well be prospering today," *Gewolb says*.

Teresa Cesario, whose appointment as manager has been approved by the receivers, is in her final year of an MBA at London Business School. A native of Naples, she expresses surprise that British creditors are so quick to pull the plug on a business with such evident potential. The club has been open for a little over a year. "If this club were in Japan lenders would be looking at a five year probationary period before seeing a return on their investment." Her remit, to provide the Jazz Café with a marketable direction, will doubtless inspire her for her examination in strategic management next week.

All concede that Dabner made some basic mistakes. The conversion of the building itself, from a Barclays bank branch, was overspecified and Dabner has been burdened by builders' bills ever since. But if his planning was awry, the *ex-school teacher's* programming has been a success. Fusion merchants have mixed with elderly beboppers and while attendance has been patchy, it has been generally healthy.

"But we still have to break the myth that jazz is only for the middle-aged beer monster," says Cesario. "Live music is exciting and we have to promote that idea to Londoners and the tourists that flock to Camden. Young people pay £15 to go to a rave, why shouldn't they pay for live music."

Fair enough, famous American saxophonist Archie Shepp, with his repertoire of blues singing to straightahead bop filled the tables the night I saw him. The young but relatively unknown James Taylor Quartet filled floor and tables the following week. Even as Cesario speaks, J.T.'s enthusiastic young band, which incorporates a peroxide topped dancer in long leather coat and velvet hotpants, slides into the 1970s strains of 2001 Space Odyssey, to squeals of delight from the thronging Monday night ravers.

This stuff is not to Dabner's personal taste but he has initiated changes to accommodate, and make the most out of, this kind of jazz fan. The menu now includes meat dishes, once anathema to the brown rice style of the club's forerunner in East London. The staff that serves up this "supper club" style food are now given incentive bonuses to sell more of it.

With the March 31 deadline looming over the Dabner, Cesario and Gewolb trio, Delroy Chambers at Cape & Dalgleish reckons several offers are already on the table, and he hopes to have a buyer in February. But Gewolb, who believes that the club's hi-tech style is unsuitable for much other than live music, has another card to play. "We have targetted three potential investors," Gewolb explains, "who have the funds and a love of jazz in common. Thus we hope that Whitbread will see that they can have it two ways. Either they are paid something and Dabner goes his own way. Or he, as the only guy who can make this place work, can cut them a piece of the deal and they can make money."

Garry Booth

Arts 2000 catches on in the provinces

The competition is cut-throat to attract specialised festivals, says ***Antony Thorncroft***

ONE OF Lord Palumbo's more bizarre ideas has turned out to be one of his most successful. When the chairman of the Arts Council unveiled *Arts 2000*, a wheeze through which a different part of the country would hold a specialised arts festival every year up to the millenium, the media response was tepid.

But the idea has caught on. Local authorities are increasingly convinced that the arts are the catalyst to regenerate their economies and although the Arts Council is only offering £250,000 to each festival it has been enough to unleash a flurry of competitive activity.

Birmingham is currently hosting a year long music festival, exploiting its new concert hall, and next year dance will be breaking out all over the East Midlands. *On Tuesday Lord Palumbo announces the* winners of the contests to present drama in 1994, literature in 1995, and the visual arts in 1996.

The competition has been cut throat and many of the decisions were on a knife edge, the choice between beguiling opposites. Take drama, where the contestants are Manchester, with its rich tradition, multi-ethnic diversity and abunndace of venues, and Sussex, a mainly rural region where, apart from Brighton, drama has hardly touched the people.

Manchester claims that local councils and the private sector will produce an extra £10m if it wins the bid; Sussex says that its campaign has put the arts on the agenda and the award would trigger a much needed impetus, including the restoration of the Essoldo in Brighton. The safe decision would be Manchester; the brave one Sussex. Manchester must be favourite.

For literature the rivals are Swansea, Kirklees *and Nottinghamshire, all of* which promise to set up National Centres of Literature. Once again all the options have attractions. Swansea offers two languages is prepared to convert one of its abandoned dockside buildings into a sanctury for writers; Kirkless has a strong tradition of literary out-reach and a council supportive of the arts; and Nottinghamshire has carefully fostered its Lawrencian roots and plans to build on its Byronic connections at Newstead Abbey. Swansea might just get it, to spread the money into Wales.

The visual arts are just as open. Glasgow has a brilliant track record but perhaps not the need; Bradford, too, has an established committment to the regenerating powers of the arts; the Northern Region is a large, amorphous, contender; while Hampshire is almost virgin territory. If Sussex loses out on drama its southern neighbour may get the visual arts. Otherwise Bradford could register a win for inner city vitality.

In the event it hardly matters. *Arts 2000* has encouraged many councils to take the arts seriously for the first time and has already released some extra funds. The hope is that the losers, inspired by the experience, are now so committed that they will push ahead anyway with their artistic ambitions.

*

One town already enjoying a rip roaring love affair with the arts is Halifax. In the early summer EUREKA!, the UK's first Children's Museum opens there. It has a fairy godmother, Mrs Vivien Duffield, whose £5m cheque has covered most of the construction cost, and a fairy godfather, the Prince of Wales, who, along with the Princess, agreed to act as patron on condition the Museum was located there.

Judging by the success of other childrens museums overseas, and a glance at the plans, EUREKA! will have no trouble in attracting its target of 500,000 visitors a year to its blend of educational entertainment, which allows kids the thrill of working on an assembly line, playing at bank manager, overhauling a car, watching their food digest, etc. More to the point EUREKA! puts the seal on Halifax's campaign to regenerate itself by drawing on the arts and, or as it prefers to call it, "inheritance".

Glasgow, Birmingham, Bradford have sold themselves to their citizens, and potential investors, as latter day Medici's presiding over a cultural renaissance. It is excellent PR, and probably has some commercial spin off. Halifax is different in being more desperate in its need, more modest in its ambitions, and also more obviously successful.

A decade ago the town was tottering. The textile mills were falling silent; even the rail service was under threat. The place looked like a doomed, dank, relic of the industrial revolution. Yet Halifax, which was expanded into Calderdale in local government re-organisation, received no grant aid. It did however attract the interest of the Prince of Wales. Today Halifax is the kind of place to warm his heart – small scale, homely, old fashioned, and apparently thriving.

The Council's "Inheritance Decade 1985-95" concentrated on smartening up the place, with the old shops and market halls spring cleaned to a golden brown and encouraged to adopt the comforting fascias of around 1930. Even Macdonalds has gone art deco. The Council has shown a Yorkshire caution in its cash hand outs – spending less than £1m but, by ensuring *that business gets immediate planning* decisions, the private investment in the city has exceeded £13m.

It may look like a superficial sprucing up, but the shift in attitude triggered two far reaching developments, one a happy chance, the other a gamble. Ernest Hall must be the only classically trained pianist to run a large property company, Mountleigh. He saw the commercial potential in the redundant textile mills and was able to acquire the abandoned Dean Clough, with 1.25m square feet, at a basement price.

He is converting it into a unique mix of commercial offices and arts centre. Over half the space is already occupied by companies like the Halifax Building Society and Sun Alliance whose rents enable Hall to offer free accommodation to over 20 artists, and to drama companies like Compass and IOU. Other residents include the Henry Moore Sculpture Trust and the Design Museum's educational programme.

The walls of the former mills are decorated with over 400 works of art, and there is a gallery with constantly changing exhibitions. The commercial tenants get a stimulating work place and the artists creative encouragement from a business environment.

Halifax gave Hall the go ahead to buy Dean Clough in four hours. Its other coup, bringing Northern Dance Theatre to the town, caused more heartache. Four years ago the company was in crisis, with the Arts Council threatening to cut off its grant. It needed a home more supportive than Manchester and found one in West Yorkshire, with Calderdale providing a base, a mill owners mansion, and half the £330,000 subsidy. This vote of confidence brought back Arts Council funding and nowNDT is about to receive its first major sponsorship, £150,000 from British Telecom, which will help raise orchestral standards.

With Christopher Gable in charge ENB has just finished a successful tour with its new production of *Romeo and Juliet* and is steadily paying off its debts while seeking to raise £1.5m to move the Central School of Ballet from London to Halifax to crown its new confidence.

A *Halifax* swarming with kids, ballet dancers, artists and theatricals might need some mental re-adjustment, but the town seems to have arrived already where more pretentious cities are still journeying towards.

Relish a bit of role-reversal

Only a working artists can review an exhibition by three *art critics. We asked DEANNA PETHERBRIDGE* what she thought of Giles Auty, William Feaver and William Packer

IT SHOULD have been carnival-time in Kensington this week as the critics became artists and the artists critics. One could have expected all the festive abandon of sanctioned role-reversal, with the kings gleefully deposed and the motleys enthroned for a day.

Alas, there is little celebration in Critics' Landscape at Cadogan Contemporary Art, where Giles Auty of *The Spectator*, William Feaver of the *Observer* and the *Financial Times's* own William Packer are currently in the vestments of artists. Rather, there is a slightly dreary and backward-looking exhibition, with a discernible and embarrassing visual autism on the part of Farmer Giles of the *Spectator*.

Wiser fellow-critics of Feaver & Co have formed a concerted chorus in their respective presses in support of this exhibition of madness: a "brave" act, is the general opinion, which in no way reflects on the credibility of the three as critics. However, in spite of knowing that the kings are due to put the boot into the Lords of Misrule at cock-crow, it is not entirely possible to go along with this feeble consensus. As everyone in the art world knows, what ye exhibit is what ye shall be judged by.

The relationship of artists to art critics is rather like that of intelligent lay people to the medical profession. In times of acute need (like an exhibition) the vulnerable artist suspends disbelief and seeks an "expert" opinion from the critical practitioner. In healthier times, he or she happily ignores the pontifications of a profession adept at mystification and self-aggrandisement. But, oh dear, what does the artist/patient do when the doctor is dressing his own wounds in the consulting rooms, and showing such lamentable lack of skill in applying balm and bandages?

Critics' reputations depend on their writings, and over the long years of their tenure in the press we all get to know the colour and composition of their critical "humours". What is revealing about this exhibition is the extent to which the critic's disposition finds its match in his practice: apoplectic, jaundiced and phlegmatic.

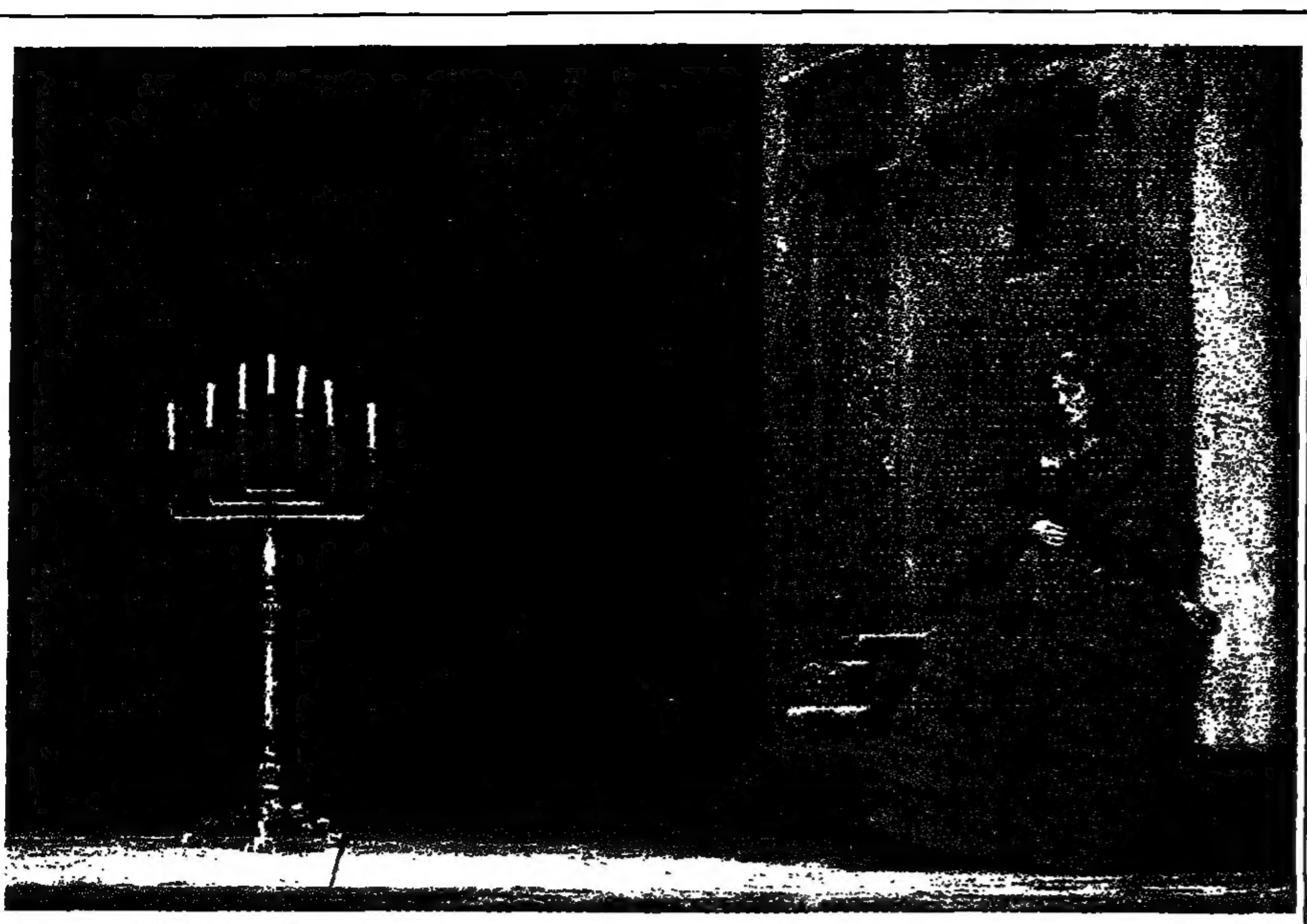
Giles Auty is known for his deep, sometimes apoplectic conservatism, the heritage cant that implies loss of some golden and perfect past. His paintings, of a naive and meticulous realism, are of the sort found regularly in amateur art-club exhibitions; paintings untouched by the revolutions and inventions of the 20th century.

Bill Feaver is believed by most artists to have a profoundly depressed and jaundiced view of art; it is not easy to predict his very infrequent flashes of approval, or to quite unravel the meaning of his purply passages. His small paintings reflect a profoundly depressed and jaundiced view of landscape.

Customarily phlegmatic, Bill Packer regrets in a brief statement that he has been able to spend so little time being a practitioner because of his need to earn a living. This rather moving conflict is reflected in his drawings in a dialogue between gestural, smudged passages of charcoal and the down-to-earth observa*tion of pencil outline. The* drawings have a certain skill and dignity and are selling very well.

Critics' Landscape continues until February 1; it is bound to attract more sycophantic coverage than any exhibition this year.

Detail from one of William Packer's drawings: 'The Neighbour's Barn', La Guérinière



A piece of cultural history: Sharon Cooper in the stage premiere of Roberto Gerhard's 1949 opera based on Sheridan's play

'La Dueña' resurrected

Max Loppert reviews Gerhard's tantalising, musically rich opera in Madrid

ON THE stage of the Teatro La Zarzuela, a delightful theatre built to house the eponymous Spanish operetta genre and currently serving as Madrid's opera house, something unusual is this month under way. At first it does not seem so: the curtain opens on an 18th-century Seville street scene. Out of the orchestra pit leap flashing Spanish rhythms and colours, reminiscent of innumerable favourite zarzuela numbers.

But then beneath them one starts to appreciate a distinctly un-zarzuela-like harmonic idiom, full of keen 20th-century asperities. A young man dressed like Rossini's Almaviva picks up a guitar and, after flurries of comic delay, begins to serenade at a window – but it is in *English* that he sings, an 18th-century English graced with lines like "Unveil those beauteous eyes". Spanish surtitles pour out at speed on the proscenium-arch screen.

What is happening is, in fact, a piece of cultural history in the making. For this is the stage premiere of *La Dueña*, a three-act comic opera closely based on Sheridan's *The Duenna*. It is taking place four decades after the work was first heard, in a 1949 BBC radio performance; and, as it is by Roberto Gerhard, it represents – as did Gerhard himself – a remarkable, unrepeatable Anglo-Iberian fusion. Gerhard, born in Catalonia in 1896, came to England in 1939 as a post-Civil War exile, and died here in in 1970, having become in his final years one of the most celebrated figures of the British modern-music scene.

In spite of currently undergoing a patch of neglect, the scores of his extraordinary late flowering as a modernist – the Fourth and Fifth Symphonies, the chamber pieces *Gemini*, *Libra* and *Leo* – remain absolutely fresh, their adventures in form guided by a dazzlingly personal command of means. But though Gerhard came to consider himself an English composer, he was more than that: a figure who from his youth concerned himself with both his native musical inheritance and that of all Europe.

The fact that he could seek to study with the most significant figure in the 20th-century Spanish renewal, Pedrell, and then with Schoenberg in Vienna and Berlin, suggests the peculiar breadth of his cultural preoccupations. It is in this light that his single opera (Gerhard always referred to it as *La Dueña*, and kept the name-forms of Sheridan's characters in Spanish) must be examined. It is a comic opera that searches out its place in several distinct traditions: 18th-century comedy of manners, zarzuela, opera buffa, the Spanish folk-music inheritance, the Second Viennese School musical dialectic.

Only a mind creatively untrammelled could contemplate such a marriage of differences. In the post-war world it guaranteed Gerhard the worst of all possible receptions: in cosy, closed-minded Britain his Schoenberg connections were a terrible disadvantage, while in Germany (where at a 1951 modern-music festival it was given in concert) the "accessible", popular side of the music was viewed with puritan horror. Several *Dueña* stagings were planned and then dropped; in 1971 it was given in shortened form on Radio 3.

This Madrid production is in significant part the achievement of the scholar David Drew, a lifelong Gerhard enthusiast, who has made this amplified *Dueña* edition and revision (the details of which, and much else about Gerhard, can be learnt in a fascinating two-part article in the December and January issues of *Opera*). At this "post-modernist" stage in European operatic history the work's multifaceted nature should cause no *parti pris* disapproval: it was certainly time for a *Dueña* re-examination, and touching that Gerhard's native land should choose to undertake it.

One went to Madrid hoping for a triumphant reversal of fortune. But the situation seems to me more complicated. Many of the opera's parts – solos, concerted numbers, finales – are quite marvellously brilliant and beautiful, bounding with Falla-like rhythmic energy and clarity of sound, vocally and orchestrally scintillating. As a comic-opera whole it proves misshapen, fitfully paced, intermittently overscored, strangely numb and unidiomatic in conversational passages, and – *pace* Drew – simply too long.

The Sheridan play, though Gerhard lit upon it with fervent appetite, seems now a liability. Comedy based on physical ugliness is both Politically Incorrect and, worse, boring; though the hints of Sheridan's anti-Semitism were sedulously removed, there remains a queasy undertone to the relationship of the disguised Duenna and the Portuguese Jew Isaac Mendoza. On Madrid evidence I find *La Dueña* a tantalising, musically rich first-opera failure, of a kind that ought to have had companies lavishing on Gerhard subsequent opportunities to perfect his undoubted gift for the medium. That the opposite happened affords in itself a painful reminder of the wider 20th-century musical crisis.

All this said, I'd now like to see and hear the work in Britain – in Madrid it was quite mad not to play it in translation – in a production less archly busy (full of dancing streetfolk) than José Carlos Plaza's, and in a theatre where the music might sound less constantly loud. It was intelligently cast with notable British singing-actors – David Rendall, Anthony Michaels-Moore, Richard Van Allan, Anne Mason and Sharon Cooper (a not quite "finished", hugely promising young soprano lead) among them – and with two wonderfully tactful leading performers in Felicity Palmer (Duenna) and the Spanish baritone Enrique Baquerizo (who sings in excellent English) as Don Isaac.

The admirable conductor, plainly a Gerhard habitué, is Antoni Ros Marbá, the theatre's music director. Radio 3 transmits a live relay from Madrid this Thursday; the production goes to the Barcelona Liceu next month.

Screen

A humanist returns to his roots

Nigel Andrews talks to Bertrand Tavernier, the man who put storytelling back into post-New Wave cinema

IN A rainy Paris suburb Bertrand Tavernier is shooting his new feature. His last film was the acclaimed *These Foolish Things* starring a pre-knighthood Dirk Bogarde. *L 627* has no stars, no knights and seems a spectacularly humble project for France's most acclaimed modern film-maker: the man who put storytelling back into post-New Wave cinema with films like *Sunday In The Country*, *Round Midnight* and *Life And Nothing But*.

Tavernier's new project could also be a symbol for beleaguered European movie-making on the brink of 1992: lashed by rain ("Engleesh wezzair!" the director complains as I hove in view with my Monoprix umbrella); made on a shoestring; and with a title incomprehensible to anyone outside its native country.

The bearish, snow-haired director sets me down in the mobile canteen for lunch and enlightens me. The movie is a crime story about drugs and delinquency – very accessible – and its title refers to an article of French law about police treatment of drug offenders.

"I feel I am returning to my roots," proclaims Tavernier. Having just finished a four-hour documentary about Algeria, bought by BBC2, he explains that he was in a mood to do a small documentary-style feature. "I wrote the script with a real 'cop', Michel Alexandre, and I spent four months with the police listening to them, living with them, seeing them make arrests. It's a small film, it's not *The French Connection*. It's about the daily lives of a group of cops and small-time dealers."

Not *The French Connection*. But doesn't that sum up French cinema's crisis today? It was once Europe's flagship movie nation, propelled across the seas of world fame by the most famous New Wave in history. Now it seems unable to make *French Connection*-style box-office hits or even to create much of a stir at the arthouse.

"I've been hearing ze word crisis since I started," sighs Tavernier. "It's not a crisis of talent. Look at the French films which won awards at Venice. And in Cannes everyone praised *La Belle Noiseuse* of Rivette. And we have Pialat, Doillon. What other country produces this quality of work?"

Yet the names Tavernier picks – an assortment of New Wave veterans and relative newcomers – pinpoint the uneasy transitional phase France has been in ever since the Godard-Truffaut-Chabrol heyday. Tavernier is the only French film-maker to have succeeded consistently, from his first feature *The Clockmaker Of St Paul* to his masterpiece to date *Life And Nothing But*, in straddling the chasm between New Wave modernism and France's post-modern return to narrative in films like *Betty Blue* and *Subway*.

He is neither a revolutionary nor a reactionary. He is a humanist in the Renoir tradition and he sees his role as that of a reconciler. "I don't believe in 'theory', which was a great part of the New Wave. At the same time I reject those who label me as a 1950s-style theatrical film-maker like Autant-Lara or Ophuls. I have never been part of that tradition. I love location, improvisation; mixing professional and nonprofessional actors.

"The one thing those '50s directors taught me was not to be afraid of history. The New Wave film-makers would not go near a historical subject; it was too 'respectable' for them, too inert. But for me when I make a film like *Life And Nothing But* it is not a dead subject, even if it is set on the battlefields of the First War. I made that film out of anger. People are surprised you can be angry about the past. But much of what is wrong with France today has its roots in that time: when official truth takes over from real truth. My anger is like Noiret's (the hero played by Philippe Noiret) when I fight the government today. It is the same fight, for the same freedoms, with the same frustrations."

As a movie storyteller Tavernier is more traditional than his New Wave forebears. But stories themselves, he insists, are not what cinema is about. "I hate the idea of 'plot.' I like films that relate more to music, to ideas of rhythm and counterpoint, films that hesitate or meander." But within a precise time-frame surely? Look at the obsession with units of time in Tavernier's titles: *A Week's Vacation*, *Sunday In The Country*, *Round Midnight*. "Yes, I've always resisted stories that are set over months or years. I can't bear it when actors use make-up to age: I love them too much to want them to use tricks."

That creative sympathy with his players is Tavernier's special gift and gives his films their special humanity. His casts become part of the film-making process, with the director even handing them earlier reject drafts of the script so they can trace their characters' evolution.

"French actors make it so easy. They are very analytical, they think about everything that makes up a person's character. Noiret was for a while my technical adviser on *Life And Nothing But*, because he had learned so much about military laws and customs. Whereas the American actor Harvey Keitel, when I made *Death Watch* with him, would say, 'Do I have two shirt-buttons open in this scene and why?'

"The 'Method'! European actors approach a part responsibly; they are well-read, they often have a classical theatre background. A Method actor is lost when he does a historical film. Look at Al Pacino in *Revolution*. He is playing a peasant, but no peasant at that time would speak with that voice. That soft voice, almost a whisper. It is the voice of man brought up in a city, not one who has to shout across fields and hills to call his son home to dinner. And yet Pacino studied the part for months."

But the Pacinos of this world, as the 1990s roll back the frontiers between European countries and between Europe and America, may more and more be filling studios in Paris and Rome, London and Berlin. Tavernier sees cultural imperialism – the spreading empire of Hollywood – as the worst threat to cinema today.

"There is no doubt that America after 1992 will be able to impose a way of film-making. Co-productions will have to be in English and few of us will be able to say no. Half the phone calls I get now from French producers are for English-speaking films. A third of public TV in France is in English. Worse – it is in mid-Atlantic.

"To finance a film you will have to have an American star. Then you will have to cater to an American audience. I give you an example. When we were making *Round Midnight* the producer Irwin Winkler said the French hero could not give the American jazz player Camembert, which in France is the most everyday cheese. I said 'Why?'. Winkler said because to Americans it will seem something special, expensive. They will think these people are upper-class. Yet Camembert to a Parisian is the most ordinary cheese. Well, there were memos about this! I should have shrugged and had my hero give him Kelloggs Corn Flakes.

"These details are tiny but they are part of a mosaic. Cinema is about what you see even if you see it 'unconsciously.' That is what makes it special as an art. Certain images catch something in five or six seconds that would take pages to produce the same effect in a novel. The feeling of Monument Valley in John Ford's films: the light, the heat, the sand. Certain effects of movement: of stillness versus action. Or that last charge of Custer in Raoul Walsh's film, shot from high above when the previous charges have been shot from low down on the ground. Suddenly, because of that camera angle, what was heroic has become something stupid, doomed, sad. You cannot describe this in words, but it is the same effect as a beautiful line of poetry. It is what cinema alone can do."

Sanderling's Mahler

AFTER KURT Sanderling's Philharmonia concert on Tuesday, Richard Fairman wrote: "To my mind, now that a generation of venerable maestros has gone, he is one of the great conductors of the day." To mine, too – assuming that the predecessors are the likes of Horenstein and Knappertsbusch, rather than, say, Herbert von Karajan. Still, when Sanderling returned to the Festival Hall on Friday to conduct Mahler's Ninth Symphony I wasn't expecting quite what we got.

Since Mahler went international, a kind of cosmopolitan consensus about how to play him has grown up among thoughtful conductors, at some remove from Mahler's Austrian roots. It leaves room for many variations, but key points and passages are recognised as needing to make certain kinds of effect. As a result, what we most often hear from leading orchestras are variations on a certain "basic" reading. The last really satisfying account I heard of the Ninth, by the Japanese-American Kent Nagano and the London Symphony a couple of years ago, was a distillation of just that accepted modern wisdom.

Sanderling brought us up against something much less suave, seemingly plain and innocent of theatrics. The music seemed to play itself, without any forcing or clever underlining. Towards the recapitulation in the first movement, I found that there were tears pouring down my face, which hasn't happened during a concert since Lili Kraus and Colin Davis played K. 466 for Bertrand Russell's birthday, thirty-something years ago. Not because it was Terribly Sad: but because every element in that marvellous passage arrived so easily and inevitably, adding its exact sense without a trace of conscious manipulation.

Throughout that movement, the "Andante comodo", Sanderling secured an illusion of absolute steadiness (in fact, the music demands many swings in tempo), and thus of unblinking cogency. The three alternating dances in the *Ländler* movement weren't guyed, grotesque, lumpen or hysterical; they simply recalled the *Biergarten* and the *Tanzhaus* through a fractured lens, with affection and a sense of homely things irretrievably lost.

The Rondo-Burleske, which everybody now aims to make as angry and sulphurous as possible, managed to be sour and perverse whilst remaining at home in the *Biergarten*. In the final Adagio there was no withers-wringing, though the full-throated paragraphs were sonorous; only the close was immensely drawn out, as Mahler prescribed – but simply, without ethereal prettiness, and thus profoundly moving.

Without doubt the Philharmonia players had given their most devoted attention to Sanderling in rehearsals, for the many levels of their music were lucidly shaped and balanced, pungently coloured in ways that owed nothing to glossy symphonic theatre. Afterwards, when the conductor took his second bow they refused to stand up with him, and instead joined in the audience's heartfelt applause. Quite right: there aren't many Sanderlings about.

David Murray

A drama out of a crisis

Sean Chapman and Marcus d'Amico in 'Angels of America'

Alastair Muir

THE PLAY billed as *Angels in America* at the Cottesloe runs for just over 3¼ hours and is only Part One. The real title is *Millennium Approaches*. Part Two of Tony Kushner's epic *Angels* has only just been completed and is called *Perestroika*.

If you think that sounds pretentious, beware. Part One is not a moment too long. Right down to the variation on the Faustian ending, it struck me as one of the most powerful theatrical pieces I have seen for many a year.

The taxi-driver on the way home asked me what it was about. I told him rather limply that it was about AIDS. "Where do the angels come in?" he said pensively.

The answer to his question is that *Angels* is a play in praise of homosexual love and with some sympathy for even the most anonymous homosexual encounters, the problem being that AIDS is getting in the way. Even when the disease strikes, the love and the lust go on. When one of the victims dies, the twist to the Faustian ending is that the angel rather than the devil comes to collect him.

There is, of course, a great deal more to it than that. Millennial it certainly is; it is also very American. The last line, as the angel comes to rescue the dying lover, is "God almighty!", then, as the angel descends: "*Very* Steven Spielberg." This is only millennium approaching; heaven knows what will happen in Part Two when it comes nearer.

There is a lot of history, some American, some European, some real, some imagined. The disease of AIDS is juxtaposed to the black death in the 14th century and the great plague in the 17th. Prior Walter, the good guy victim in *Angels*, has ancestors going back to both and who appear to him in his final hallucinations. The earlier pestilences – or the "spotty monster" – seemed much more universal, the people wholly unequipped to deal with it, though the suggestion is that only time and science will tell. In any case, life before and after pre-millennial tension goes on.

The recent history concerns Roy Cohn, an extreme right-wing Republican lawyer who worked for Senator McCarthy and helped send the Rosenbergs to the electric chair. Cohn died of AIDS just as the disease was becoming widely identified. Yet just because some homosexuals were villains and hypocrites, the play suggests, it does not mean that homosexuality should be condemned. The case is made for coming out of the closet.

Kushner carries the case further. One of the characters is a Mormon, originally happily married yet having suppressed homosexuality all the way. He defies the lucrative blandishments of Cohn to go off to be an aide in the Department of Justice in Washington, where he could protect Cohn, because he says that would be unethical. In the end, however, he finds solace with Louis, the surviving Jewish lover of Prior.

Religion, like history, has a strong part in the play. Jewishness is set alongside Mormonism and occasionally Catholicism. The message is that none of them know how to cope with homosexual passion. Politics comes in as well. At the beginning of the third act, there is a marvellous scene between Louis, the liberal Jewish homosexual, and his black, more radical, former lover, Belize. Louis says that American politics have nothing to do with race: that is why America is so different from Europe. Belize politely dissents.

Not everyone will like the play, nor agree with its thesis. Some of the physical scenes are very explicit. Having read the text beforehand, I assumed I was in for a grim evening. Yet if you want an example of vibrant America, this is it. There is nothing wrong with drawing inspiration from Spielberg and the best of Hollywood.

Henry Goodman as Cohn gets better and better the closer he is to dying. Marcus D'Amico (Louis) and Sean Chapman (Prior) play the central lovers with all the feeling of Antony and Cleopatra. Felicity Montagu, as the chief female victim of the male urge to prefer males, stands up very well, though towards the end she disappears to Anartica to inspect the gap in the ozone layer where no doubt we will hear more of her in *Perestroika*.

Declan Donnellan directs with the utmost sensitivity. You should see this play, for even if you loathe it, you will love discussing it afterwards.

Malcolm Rutherford

Chess No 907:
1 QB3 Kxc6 2 Qa8, or Kxe6 2 Nc7, or Kc4 2 Qc5, or Ke4/B any 2 Qf5.

Radio

Castaways' choice

TOMORROW'S *Desert Island Discs* on Radio 4 will be the Anniversary Edition, though the 50th anniversary is not until January 29. Every paper in the country must have had a piece about this feature. On Tuesday I went to a good party given by David Hatch, Managing Director of BBC Radio; yet even after that I have no private knowledge, no secret scandal, to add (everyone knows by now that tomorrow's castaway is the Prime Minister.) The fact is that there *is* no significant private knowledge to know. Almost childishly simple as it is, *Desert Island Discs*, invented by Roy Plomley, remains compulsive listening. To my mind, this is largely because of the talent of its current presenter, Sue Lawley, and its succession of directors that choose the castaways.

Miss Lawley deals with the famous or the modest, the intellectual or the downbeat, with never a hint of flattery or condescension, and many a BBC interviewer could learn from her. With respect to Roy Plomley, whose estate still takes its weekly share, and whom I counted as a friend, he was not in her class. Michael Parkinson was not in their class either, and knew it. Sue Lawley spoke at the *D.I.D.* party on Tuesday, with wit and intelligence that must have impressed the many witty and intelligent ex-castaways who heard her – politicians, princesses, retired archbishops, retired ordinary seamen, retired editor of *Punch*, the lot.

The Sunday Play on Radio 3 was a Marivaux comedy, *Successful Strategies*. Fluently translated by Timberlake Wertenbaker, given lively direction (originally for the World Service) by Hilary Norrish, it fluttered through the speakers like a butterfly, making only transient impressions and leaving nothing behind. It concerns the affairs of two pairs of French aristocrats, Dorante and the Comtesse and the Chevalier and the Marquise. Love is not seriously involved, just appearances – the Comtesse only "notices" me, Dorante complains, but is unfaithful with the Chevalier, that adjective being socially important. The servants speak, and act, much like their employers. The Comtesse and the Chevalier are set to marry at the end – as if it mattered – and Dorante and the Marquise lament that they "lacked faithfulness". Penelope Wilton and Gillian Barge were the Comtesse and the Marquise, but the director had not ensured enough difference between them, so one never really cared who was speaking, even if one knew.

The World Service in another aspect is in the middle of six half-hours about the history of Japan, presented by Michael Diamond. The history, that is, since Commander Perry anchored his little fleet off their coast in 1853 with a friendly message from the American President: until then, their relations with the West were only with the Dutch. In the first three programmes we have observed the increase in Japanese industrial and military power through their contacts with France and Britain, and their growingly hostile attitude to the Russians, culminating in the Russo-Japanese war in 1904.

The Japanese victory led the West to greater friendship. There was actual talk of Japanese troops on the North-West Frontier, and in 1914 the Japanese joined the Allied side in the Great War – even, after 1917, escorting American shipping in the Pacific. Japan already had to be treated as an equal: in 1921 a treaty rated the world's three major naval fleets in the proportion of 5:5:3 for US, Great Britain and Japan. In 1931 the Japanese invaded Manchuria and founded the state of Manchukuo. That takes us to the end of the third half-hour, though I have barely touched more than the headlines of the programmes. They go out on Sundays (the third one tomorrow) at two o'clock and 11.30 pm, and on Mondays at 6.30 and 10 am.

B.A. Young

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Crystal Tipps and Alistair. 7.35 Wiz Bang. 7.45 The Jetsons. 8.05 Eggs 'n' Baker. 8.35 Thundercats. 9.00 Going Live!

12.12 Weather.
12.15 Grandstand introduced by Steve Rider. 12.20 Football: Previewing this weekend's FA Cup Fourth Round matches. 1.05 News. 1.10 Racing from Cheltenham: Including at 1.15 The Food Brokers Finesse Four-Year-Old Hurdle. 1.25 Skiing: The Men's Downhill Championship from Wengen, Switzerland. Commentary by David Vine. 1.45 Racing: Including at 1.50 The Charterhouse Mercantile Steeple Chase. 2.00 Basketball: Roland Kingston v Leicester Riders. The Trophy Final from the National Indoor Arena, Birmingham. 2.20 Racing: Including at 2.25 The Arlington Premier Series Steeplechase. 2.35 Basketball. 2.50 Rugby League: First-half highlights of Salford v Wigan. 2.55 Racing: Including 3.00 The Bishops Cleeve Hurdle. 3.05 Rugby League: Salford v Wigan. The Silk Cut Challenge Cup First Round from the Willows, with commentary by Ray French. 3.50 Football Half Times. 4.00 Ice Skating: The European Figure Skating Championships from Lausanne, Switzerland. With commentary by Alan Weeks and Christopher Dean. 4.35 Final Score. (Programmes subject to alteration and cancellation because of adverse weather conditions).
5.05 News.
5.15 Regional News and Sport.
5.20 One to Win.
5.50 Noel's House Party.
6.40 Big Break. Snooker stars Neal Foulds, Tony Knowles and David Taylor, play against the clock on behalf of contestants.
7.10 The Paul Daniels Magic Show.
7.55 Moon and Son.
8.50 News and Sport; Weather.
9.10 That's Life!
9.50 Midnight Caller.
10.40 Match of the Day. Desmond Lynam with highlights from three of today's fourth round FA Cupties.
11.30 Film: Smooth Talk. A flirtatious teenage girl finds her life turned upside-down when she is seduced by a tattooed psychopath, starring Treat Williams and Laura Dern (1985).
1.20 Weather.
1.25 Close.

BBC2

8.45 Open University. 11.05 I'd Like to Teach the World to Sing. 11.45 Just Another Day. 12.15 pm Film: Room Service.

1.30 Piano Lessons.
1.45 Heirs and Graces. Visiting the childhood home of Queen Elizabeth I, Hatfield House.
2.15 Network East celebrates the work of Asian photographers from Britain and the Indian sub-continent.
2.45 Mahabharat. (English subtitles).
3.25 Animation Now.
3.35 Film: Witness for the Prosecution. An acclaimed courtroom drama, written by Agatha Christie, about the unexpected revelations which arise from a murder trial. Starring Charles Laughton, Marlene Dietrich, Elsa Lanchester and Tyrone Power (1957).
5.30 Late Again.
6.15 News and Sport; Weather.
6.30 Global Report. In the past 10 years, India has seen one of the most violent periods in its history. Sethu Ram, a newspaper editor from the south of India, reflects on the past decade.
7.10 Tortelier Masterclass. Dvorak: Cello Concerto (1987 programme).
8.00 Arena. In the final programme charting his life story, Billy Wilder remembers working with Marilyn Monroe on Some Like it Hot and discusses the problems of working with Raymond Chandler and Agatha Christie.
9.00 Moving Pictures. The programme looks at metamorphosis in the movies and features clips from the blockbuster action film, Terminator 2.
9.50 Film: Bagdad Cafe. Story about a bizarre café-cum-motel-cum-petrol station in the American desert, miles from civilisation. Starring Jack Palance and Christine Kaufiman. (1988).
11.20 Film: Ace in the Hole. Kirk Douglas stars as a newspaper reporter on his way down until he sees a way of getting back into the headlines by exploiting a man trapped in a rock fall. With Jan Sterling, Bob Arthur, Frank Cady and Porter Hall. Billy Wilder directs (1951).
1.15 Close.

LWT

6.00 TV-am. 9.25 Motormouth 11.30 The ITV Chart Show. 12.30 pm The Munsters Today.

1.00 ITN News.; Weather.
1.05 LWT News; Weather.
1.10 Saint and Greavsie. Ian and Jimmy preview next Wednesday's match between Liverpool and Arsenal, and look at this weekend's action.
1.55 The Day.
2.00 Ski Tips.
2.30 Cobblestones, Cottages and Castles. David Young travels around the South West looking at shops, from old-fashioned trading places to the modern high street.
3.00 Film: Rock, Rock, Rock! (1956). Tuesday Weld, Connie Francis and Jacqueline Kerr star in this musical about a girl who has to earn enough money to buy her frock for the Senior Prom.
4.25 Cartoon Time.
4.45 Results Service.
5.00 ITN News; Weather.
5.05 LWT News; Weather.
5.15 10 Sharp! Lisa Stansfield talks to Pat Sharp. And members of Tower Hamlets Swimming Club model the latest swimwear.
5.25 Baywatch.
6.15 Blind Date.
7.15 Barrymore.
8.00 Inspector Morse. A murder is committed in Oxford's Greek community. Starring John Thaw and Kevin Whately, with guest appearances by James Hazeldine, Martin Jarvis and Jan Harvey.
10.00 ITN News; Weather.
10.15 LWT Weather.
10.20 Aspel and Company. Late-night chat in the company of Michael Aspel with guests James Bolam, Melvyn Bragg and Geraldine James.
11.10 Tour of Duty.
12.05 Get Stuffed; ITN News Headlines.
12.10 Passengers.
12.40 WCW Pro Wrestling.
1.35 Get Stuffed.
1.40 New Music; ITN News Headlines.
2.45 Bhangra Beat
3.15 American College Football 1991.
4.10 The Hit Man and Her.

CHANNEL4

6.00 Early Morning. 9.30 Listening Eye. 10.00 The Big 8. 10.30 Film: Rose Marie. 12.35 pm American Football – Red 42.

1.05 This is York.
1.30 Racing from Doncaster. Brough Scott introduces the most valuable jumping day of the year on Town Moor. Including the 1.35 Mitsubishi Shogun Trophy Handicap Chase, 2.10 Rossington Main Novices' Hurdle, 2.40 William Hill Golden Spurs Handicap Chase, and the 3.10 Yorkshire Handicap Hurdle.
3.30 Film: Buchanan Rides Alone. A Texan drifter comes to the aid of a young Mexican accused of murder. Western, starring Randolph Scott and Craig Stevens (1958).
5.05 Brookside.
6.30 Right to Reply. Viewer Debbie Jewish asks why a Thames Television programme, The Truth About Women, is broadcast at 3am. She talks to editor of the Sunday Express, Eve Pollard, who chairs the programme, Clare Short MP, who was on the programme, and executive producer, Mary McAnally.
7.00 A Week in Politics. Environment Minister Michael Portillo talks about the Poll Tax being replaced by the Council Tax. A report on what Labour will do about the House of Lords if they win the general election. A look at the debates last Friday originated by Labour on poverty and on the closure of the British Steel plant at Ravenscraig
8.00 Film: The Glass Menagerie. Drama based on the Tennessee Williams play about the relationship between a lame girl, her faded Southern belle mother, and idealistic brother. Starring Joanne Woodward and John Malkovich (1987).
10.30 Elayne Boosler – Broadway Baby. Following the stand-up comedienne as she fulfils her dream of performing on the Broadway stage.
11.40 Film: Brute Force. Six violent convicts revolt over their treatment by a sadistic warden and attempt an escape. Starring Burt Lancaster and Charles Bickford (1947).
1.30 American Football – Red 42.
2.00 The Word.
2.55 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.30 Ski Tips. 1.05 Anglia News. 1.55 Dinosaurs. 2.25 The Spectacular World of Guinness Records. 2.50 Cartoon Time. 3.05 Carry on Jack. (1963) 5.05 Anglia News and Sport 5.15 Cartoon Time. 11.05 Up the Junction.

BORDER: 1.05 Border News. 1.55 Hard Time on Planet Earth. 2.50 Arabesque 5.05 Border News. 5.15 Cartoon Time. 11.05 New Acquaintance.

CENTRAL: 12.30 The Munsters Today. 1.05 Central News 1.55 Great Planes. 2.55 The Woman in Question 4.30 Cartoon Time. 5.05 Central News 5.15 Central Sports Special – Goals Extra. 5.20 Cartoon Time. 11.05 The Undefeated.

CHANNEL: 12.30 Superman. 1.05 Diary Dates. 1.55 Motorsport Special. 2.25 McCloud (TVM 1972) 3.55 The A-Team. 5.05 Channel News. 5.15 Cartoon.

GRAMPIAN: 12.30 Ski Tips. 1.05 Grampian Headlines. 1.55 Abairi 2.15 Crann Tara. 2.45 Superstars of Wrestling. 3.45 Champions of Grampian: 1991 Mountain Bike Championship. 5.05 Grampian Headlines 5.10 Criomagan. 5.15 Cuirm Cloinne. 10.15 Grampian Weather. 11.05 Acquaintance.

GRANADA: 12.30 Superman. 1.05 Granada News 1.55 The Life and Times of Grizzly Adams. 2.50 Pirates of Malaysia. 5.05 Granada News 5.10 Cartoon Time. 11.05 Convoy.

HTV: 12.30 Superman. 1.05 HTV News. 1.55 Soccer in the 70s. 2.25 Ski Tips. 2.55 The Real Glory. (1939) 5.05 HTV News and Sport

HTV Wales as HTV except: 5.20 Cartoon Time.

SCOTTISH: 12.30 NB. 1.05 Scotland Today. 1.55 The Life and Times of Grizzly Adams. 2.50 Warner Cartoon. 3.05 The Command. (1954) 4.45 Scotsport Results. 5.05 Scotland Today. 5.15 Cartoon Time. 10.15 Scottish Weather. 11.05 Acquaintance.

TSW: 12.30 The South West Week. 1.05 TSW News. 1.55 Peppino. 2.30 The Spectacular World of Guinness Records. 3.00 The Disorderly Orderly. (1964) 5.05 TSW News. 5.15 Gus Honeybun's Cartoontime. 10.15 TSW Weather. 11.05 Convoy. (1978)

TVS: 12.30 Superman. 1.05 TVS News. 1.55 Motorsport Special. 2.25 McCloud: Showdown at the End of the World. (TVM 1972) 3.55 The A-Team. 5.05 TVS News. 5.15 Cartoon.

TYNE TEES: 12.30 The Munsters Today. 1.05 Regional News. 1.55 The Life and Times of Grizzly Adams. 2.50 Out of Limits. 3.05 Carry on Jack. (1963) 5.05 Northern Life Sport Special. 5.15 Cartoon Time. 11.05 Convoy. (1978)

ULSTER: 12.30 Blockbusters. 1.05 Ulster News 1.55 Superstars of Wrestling. 2.50 Hannibal Brooks. (1969) 5.05 Ulster News and Sport 5.10 Cartoon Time. 10.15 Ulster News 11.05 Convoy. (1978)

YORKSHIRE: 12.30 Katts and Dog. 1.05 Calendar News. 1.55 The A Team. 2.45 Cartoon Time. 3.05 Carry on Jack. 5.05 Calendar News. 5.15 Cartoon Time. 10.15 Local Weather. 11.05 Loose Cannon.

SUNDAY

BBC1

7.25 Film: Tarzan's Secret Treasure. 8.40 The Four Great Seasons. 9.10 News. 9.15 Getting Through. 9.30 This is the Day. 10.00 See Hear! 10.30 Deutsch Direkt. 10.55 Advice Shop Extra! 11.30 Into Print. 11.30 Skillshop.

12.00 Bazaar.
12.25 Experiment!
12.30 Country File.
12.55 Weather for Farmers.
1.00 News; On the Record. Labour's campaign co-ordinator, Jack Cunningham, goes on the record with Jonathan Dimbleby to discuss Labour's commitment to electoral reform.
2.00 EastEnders.
3.00 Match of the Day. Weather permitting Chelsea take on Everton at Stamford Bridge in the Fourth Round of the FA Cup. The match is introduced by Desmond Lynam, with commentary by John Motson and Trevor Brooking.
5.05 The Clothes Show. Princess Anne, president of the British Knitting and Clothing Export Council, presents this year's Clothes Show New Business Awards.
5.30 Antiques Roadshow. The team visit Enniskillen in Northern Ireland.
6.15 Lifeline. Cliff Michelmore reports on medical aid being sent to war-torn Yugoslavia.
6.25 News.
6.40 Songs of Praise.
7.15 'Allo 'Allo!
7.45 Lovejoy. Eric gets involved with an Irish rock band, and Tinker is re-united with an old drinking friend. Lovejoy, madly in love, is persuaded to go sailing.
8.35 As Time Goes By.
9.10 A Time to Dance. Final part of Melvyn Bragg's romantic tale of obsession and jealousy.
10.05 News and Weather.
10.20 Everyman. Investigating the Nightstop project in Leeds. Founded in 1987, the project is a church-based scheme which is responding directly to the problems of the homeless.
11.00 The Nobel Century. The final programme in the series traces the development of the pioneering Peace Awards, from a group of women peace campaigners to the man who opened up the Soviet Union – President Gorbachev.
11.50 Mahabharat. (English subtitles).
12.30 Weather.
12.35 Close.

BBC2

7.25 But First This On Two; Hallo Spencer. 7.45 Playdays. 8.05 Two by Two. 8.20 Babar. 8.45 Telling Tales. 9.00 The Legend of Prince Valiant. 9.25 Blue Peter Omnibus. 10.15 Defenders of the Earth. 10.40 Strangers. 11.05 Boxpops. 11.45 The O-Zone. 12.00 Around Westminster.

12.30 Film: Five Graves to Cairo. Billy Wilder's war drama about British spies' attempts to destroy Rommel's secret spy dumps during the North Africa campaign of 1942. Starring Franchot Tone and Anne Baxter (1943).
2.05 European Figure Skating Championships.
3.00 Film: Battlestar Galactica starring Lorne Greene (1979).
5.00 Rugby Special. Chris Rea introduces action from the Fourth Round of the Pilkington Cup.
6.00 Ski Sunday.
6.25 The Money Programme. As pre-election campaigning turns to Britain's economy, the programme joins the board of UK Industries plc as it meets to review its place in the world and the challenges that face it. Second in a series of "Money Programme" Election Briefs.
7.15 Prisoners of the Sun. In the animal kingdom, regulating energy levels is a tricky business, especially for orang-utans and elephants. Failing to maintain these levels carries a high price – death.
8.05 Signs of the Times. In matters of taste, anything goes as long as it's old. But when buying antique furniture, which is best - a reproduction or the genuine article?
8.55 Trying Times.
9.25 Did You See? Guests include crime writer Mike Phillips, who reviews Channel 4's 291 Club, Edwina Currie MP, who compares Holiday with Wish You Were Here?, and comedian Tony Slattery, who looks at BBC2's 40 Minutes: The Wild Men. Plus, Austin Mitchell MP examines how politicans have their images brushed-up for television.
10.05 Screen Two: Flea Bites. Stephen Lowe's sensitive screenplay explores the special relationship which develops between a young boy and an old Polish emigre, worlds apart in culture, as they struggle to create a flea circus.
11.45 Film: Buddy Buddy. Starring Jack Lemmon and Walter Matthau (1981).
1.15 Rapido.
1.50 Close.

LWT

6.00 TV Am. 9.25 Disney Club. 10.45 Link. 11.00 Morning Worship. 12.00 Encounter. 12.30 pm LWT News Weekend. 12.55 LWT Weather.

1.00 ITN News; Weather.
1.10 Special Inquiry. Has all the money poured into the police force been well spent? Special Inquiry previews the disturbing facts and findings.
2.15 Sharp's Funday.; WCW Pro Wrestling.
2.55 Dinosaurs.
3.25 Film: Airport '77. When a private luxury jet crashes after being sabotaged and sinks in the ocean, a frantic rescue attempt is launched. Starring Jack Lemmon, Lee Grant and Brenda Vaccaro with Olivia de Havilland, Joseph Cotten and James Stewart.(1977).
5.30 Bullseye.
6.00 Animal Country. Presented by Desmond Morris and Sarah Kennedy
6.30 ITN News; Weather.
6.35 LWT News; Weather.
6.40 Highway. Harry Secombe explores the Victorian heritage of the Isle of Wight.
7.15 You've Been Framed!
7.45 The Darling Buds of May. New series. Return of Britain's most 'perfick' family, the Larkins. Ma (Pam Ferris) and Pop (David Jason) anxiously await the arrival of their first grandchild.
8.45 ITN News; Weather.
9.00 LWT Weather.
9.05 The Cloning of Joanna May. A fantasy thriller, in two parts, based on the novel by Fay Weldon. Patricia Hodge stars as a wealthy woman, obsessed with her estranged husband (Brian Cox), whose comfortable world is shattered by a startling revelation. With Billie Whitelaw and Jean Boht.
10.35 The South Bank Show. A profile of young Italian soprano Cecilia Bartoli, who specialises in Rossini.
11.35 Hooked. New series. Investigating addictive drugs in the Nineties, everything from caffeine to cocaine.
12.05 Cue the Music. Elton John in Verona.
1.05 The ITV Chart Show.
2.05 Film: Fragment of Fear.
3.50 Pick of the Week.
4.20 National Wave Sailing Championships.
4.50 Adventure.
5.00 Soap.

CHANNEL4

6.00 Early Morning. 9.25 The Sword of Tipu Sultan.(English subtitles). 10.00 Dispatches. 10.45 Dennis. 11.05 Round the Bend. 11.30 Dramarama. 12.00 Little House on the Prairie.

1.00 Voyage to the Bottom of the Sea.
2.00 Film: A Man For All Seasons. Historical drama recounting the events that led to Sir Thomas More's execution at the hands of King Henry VIII. Starring Paul Scofield, Robert Shaw and Orson Welles with Susannah York and Wendy Hiller (1966).
4.15 Cabaret.
4.25 Valued Opinion. Max Robertson looks at miniature paintings, some of which date back to the 16th century, and are now worth thousands of pounds.
4.55 News Summary.
5.00 Scottish Eye reports on how small businesses throughout Scotland are being forced on to the rocks by over-zealous tax inspectors. The programme highlights a number of cases in which tax inspectors have demanded large sums from small businesses – forcing them to pay large accountancy fees just to prove that they are innocent. The programme asks whether tax inspectors are harassing small businesses because they need to meet internal performance targets rather than operating a fair tax system.
5.30 Dig. Professor Wilkins of Glasgow University proves how intelligent plants are and 23-year-old Mark Rovson provides a guided tour of the garden he started creating at the age of 12.
6.00 Teenage Health Freak.
6.30 The Wonder Years.
7.00 Defenders of the Wild. The delicate balance between wildlife conservation and preserving the rights of local farmers in the remote jungles of western Nepal.
8.00 African Nations Cup. The continent's top 12 footballing nations battle it out in Senegal. Including highlights of today's final.
9.00 Film: Ride the High Country. Two aged gunfighters transport a shipment of gold from a mining camp to a bank and, on the way, reflect on the turn their lives have taken. Starring Joel McCrea and Randolph Scott (1962).
10.45 American Football: Superbowl XXVI. The Washington Redskins and Buffalo Bills being played at the Minneapolis Metrodome.
2.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA: 12.25 Goals Galore. 12.50 Anglia News 2.15 A Place in the Sun. 2.45 Airport '77 (1977). 4.45 Full Circle. 5.35 Anglia News.

BORDER: 12.30 Gardening Time. 12.55 Border News. 2.15 Highway to Heaven. 3.10 Bullseye. 3.40 Doctor at Large. (1957) 5.30 Scotsport. 6.35 Border News.

CENTRAL: 12.30 Gardening Time. 12.55 Central News 2.15 Deadly Nightshade. (1953) 5.00 Dinosaurs. 6.35 Central News

CHANNEL: 12.30 Reflections. 12.35 Les Francais Chez-Vous. 12.50 Tele-Jornal. 2.15 Ski Tips. 2.45 Cartoon Time. 2.55 Dinosaurs. 3.25 Airport '77. (1977) 6.35 Channel News.

GRAMPIAN: 12.30 Eikon. 12.55 Grampian Headlines. 2.15 Hopelessly Lost. 4.00 Animal Country. 4.30 Bullseye. 5.00 Scotsport. 6.00 Scotland's War. 6.35 Grampian Headlines 9.00 Grampian Weather.

GRANADA: 12.25 Close to the Edge. 2.15 The A-Team. 3.10 Cartoon Time. 5.30 Coronation Street. 6.35 Granada News

HTV: 12.30 West Country Farming. 12.55 HTV News. 2.15 HTV Newsweek. 2.45 Cartoontime. 3.25 Four for Texas. (1963) 6.35 HTV News

HTV Wales as HTV except: 2.15 Wales on Sunday.

SCOTTISH: 12.30 Eikon. 12.55 Scotland Today. 2.15 Glen Michael's Cartoon Cavalcade. 2.45 Indoor Bowling – Scottish Players' Championship 3.15 The Remarkable Mr Pennypacker (1958) 5.00 Scotsport. 6.00 Scottish Action on the Elderly. 6.35 Scotland Today.

TSW: 12.30 TSW Farming Week. 12.55 TSW News. 2.15 Children's Island. 2.45 Triumph of the Nomads. 3.40 Doctor at Large. (1957) 6.35 TSW News. 9.00 TSW Weather.

TVS: 12.30 TVS News. 12.33 Agenda. 12.58 TVS Weather. 2.15 Ski Tips. 2.45 Cartoon Time. 6.35 TVS News 9.00 TVS Weather.

TYNE TEES: 12.25 Northern Life Review. 12.55 Regional News. 2.15 Cartoon. 2.25 Dinosaurs. 2.55 The Back Page. 6.35 Regional News.

ULSTER: 12.30 Gardening Time. 12.55 Ulster Newstime 2.15 Rocksport. 2.30 Matlock. 5.30 Coronation Street. 6.35 Ulster News and Sport 9.00 Ulster Newstime

YORKSHIRE: 12.25 Goals on Sunday. 12.50 Calendar News. 2.15 Future Cop. (TVM 1976) 5.30 Animal Country. 6.00 Bullseye. 6.35 Calendar News. 9.00 Local Weather. 11.35 Scrumdown.

S4C Wales as Channel 4 except:- 9.30 It's a Dog's Life. 10.00 The Crystal Maze. 11.00 Voyage to the Bottom of the Sea. 12.55 Now You're Talking. 1.20 Now You're Talking. 1.45 Bwrw Misen. 2.15 San Steffan. 2.35 Equinox. 3.35 The Dawn Patrol (1938). 5.30 Pobol Y Cwm. 7.05 Newyddion. 7.10 Saith Ar Y Sul. 7.25 Llcyris Olsorts. 8.00 Hel Straeon. 8.30 Dechrau Canu, Dechrau Canmol. 9.00 Mwy Na Phapur Newydd. 9.45 African Nations Cup.

RADIO

SATURDAY

BBC RADIO 2

6.00 Barbara Sturgeon. 8.05 Brian Matthew. 10.00 Anne Robinson. 12.00 Gyles Brandreth. 1.00 Round the Horne. 1.30 I'm Sorry I Haven't a Clue. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Junkin's Jokers. 4.30 The Great Musicals. 5.00 The 600th Edition of Those Were the Days. 5.45 All the World's a Globe. 6.00 Bob Holness Requests the Pleasure. 7.00 The Pasadenas' Almanac. 7.30 Phil and the Flute. 8.30 To Robert Burns – A Tribute. 10.00 The Arts Programme. 12.05 Jo Stafford. 12.35 Night Ride. 3.05 A Little Night Music. 4.00 Barbara Sturgeon.

BBC RADIO 3

6.55 Weather and News Headlines.
7.00 Morning Concert.
8.30 News.
8.35 Brahms.
9.30 Saturday Review.
12.55 Words.
1.00 News.
1.05 Violin and Piano.
2.05 Rafael Kubelik.
4.00 Tuning Up.
5.00 Jazz Record Requests.
5.45 Third Opinion.
6.30 Live from the Met.
9.15 Piping the Blues.
9.30 James Dick.
10.30 Late Haydn.
11.10 Contrasts.
12.00 News.
12.05 Close.

BBC RADIO 4

6.00 News.
6.10 Farming Week.
6.50 Prayer for the Day.
6.55 Weather.
7.00 Today.
8.58 Weather.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway.
10.00 News; Loose Ends.
11.00 News; The Week in Westminster.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 Just a Minute!
12.55 Weather.
1.00 News.
1.10 Any Questions?
1.55 Shipping Forecast.
2.00 News; Any Answers?
2.30 Saturday Playhouse: Roland's Afterlife.
3.45 Cafe Society.
4.00 News; The Art of Travel.
4.30 Science Now.
5.00 What If?
5.25 Family Fortunes.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News; Sports Round-Up.
6.25 Week Ending.
6.50 Ad Lib.
7.20 Kaleidoscope.
7.50 Classic Serial: The Betrothed.
8.50 Only Connect.
9.20 Music in Mind.
9.50 Ten to Ten.
9.59 Weather.
10.00 News.
10.15 Northern Lights.
10.45 For He is an Englishman.
11.00 Richard Baker Compares Notes.
11.30 The Nick Revell Show.
12.00 News.
12.20 Weather; Interlude.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 Newsdesk.
6.30 Morning Edition.
9.00 On Your Marks.
11.30 Sportscall.
12.30 Sport On 5.
6.05 Six-O-Six.
7.30 Le Top.
9.00 Airopop Worldwide.
10.00 Sports Bulletin.
10.15 On the Level
12.00 News and Sport
12.10 Close.

WORLD SERVICE

BBC for Europe can be received in Western Europe on Medium Wave 648 kHZ (463m) at the following times GMT:

6.00 Newsdesk. 6.30 Londres Matin. 7.00 News; Twenty-four Hours live; News summary. 7.30 From the Weeklies. 7.45 The Mozart Phenomenon. 8.00 News; Words of Faith. 8.15 A Jolly Good Show. 9.00 News; Waveguide; Worldbrief. 9.30 Personal View. 9.45 Sports Roundup. 10.00 News Summary; Jazz Now And Then. 10.15 Letter From America. 10.30 People and Politics. 11.00 Newsdesk. 11.30 Londres Midi. 11.45 Mittagsmagazin. 12.00 News; News About Britain. 12.15 Multitrack 3. 12.45 Sports Roundup. 1.00 Newshour. 2.00 Club 648. 2.15 Personal View. 2.30 Sportsworld. 3.00 News. 3.15 Sportsworld continued. 4.00 News; News About Britain. 4.15 BBC English. 4.30 News in German. 4.40 German Features. 5.00 News Summary, Sportsworld: final results. 5.30 Londres Soir. 6.14 BBC English. 6.29 News Summary. 6.30 Heute Aktuell. 7.00 German Features. 7.54 News in German. 8.00 News; Book Choice. 8.15 Londres Derniere. 8.30 Europe This Weekend. 9.00 Newshour. 10.00 News. 10.05 Short Story: Nipples For The Nephew. 10.20 Meridian. 10.50 Sports Roundup. 11.00 News; Words of Faith; Book Choice. 11.15 A Jolly Good Show. 12.00 Newsdesk. 12.30 The Ken Bruce Show. 1.00 News Summary. 1.00 Play of the Week: Successful Strategies. 2.00 Newsdesk. 2.30 What Do Hindus Believe? 3.00 News; News About Britain. 3.15 Sports Roundup. 3.30 From our own Correspondent. 3.50 Write on. 4.00 Newsdesk. 4.30 Business Review. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2

7.00 Don MacLean. 9.05 John Sachs. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Palm Court Time. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half-Hour. 9.00 Alan Keith. 10.00 Arts Programme. 12.05 Gyles Brandreth. 1.00 Ellis Hill with Night Ride. 3.00 A Little Night Music. 4.00 Steve Madden

BBC RADIO 3

7.00 Morning Concert.
8.30 News.
8.35 Music for the Serenissima.
9.15 The Juilliard Quartet.
10.15 Music Weekly.
11.00 From the Proms 1991.
12.40 Signposts.
1.00 News.
1.05 Your Concert Choice.
2.30 Benedetto Marcello.
3.30 Poet of the Month.
3.40 Russian Music.
5.00 Soundings in Madrid.
6.00 O Sacrum Convivium.
7.00 Baroque Trio Sonatas.
7.30 Sunday Play
9.35 New World Symphony Orchestra.
11.15 Australian Piano Music.
12.00 News.
12.05 Close.

BBC RADIO 4

6.00 News.
6.10 Prelude
6.30 News; Morning Has Broken.
6.55 Weather.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm.
7.40 Sunday.
8.50 The Weeks Good Cause.
8.55 Weather.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 News Stand.
11.30 The Desert Island Discs Story.
12.15 Desert Island Discs.
12.55 Weather.
1.00 The World This Weekend.
1.55 Shipping Forecast.
2.00 Gardeners' Question Time.
2.30 Sunday Playhouse.
3.45 The Beaten Track.
4.00 The Power and the Glory.
4.47 Golden Oldies.
5.00 News; Down Your Way.
5.40 First Person.
5.50 Shipping Forecast.
5.55 Weather.
6.00 News.
6.15 The Village.
6.30 Present Voices, Past Words.
7.00 The Desert War.
7.30 Bookshelf.
8.00 Concerto.
9.00 The Natural History Programme.
9.30 Special Assignment.
9.59 Weather
10.00 News.
10.15 Vaughanessaga.
11.00 In Committee
11.30 Seeds of Faith.
12.00 News and Weather.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5

6.00 Newsdesk.
6.30 Meridian Reports.
7.00 News and 24 Hours.
7.30 Sunday Edition.
9.00 Johnnie Walker with the AM Alternative.
10.30 Education Matters.
11.00 News and Sport: Topolski's Travels.
11.30 A Century Remembered.
12.00 News and Sport.
12.05 Ring a Winner.
1.40 Open University: Open Forum.
2.00 Sport: Chain Reaction.
2.30 FA Cup Football Extra.
5.00 Sports Bulletin.
5.05 Bob Harris Rattle.
6.00 Sports Bulletin.
6.05 Mission Investigates.
6.30 Swallows and Amazons.
7.00 Sports Bulletin.
7.15 Euromix.
8.00 The Next Step.
9.00 Deutsch Direkt Round-Up.
9.30 Dragnet.
10.00 News and Sport.
10.10 Across the Line.
12.00 News and Sport.
12.10 Close.

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CHESS

THE Foreign & Colonial Hastings Premier proved a triumph for three young visiting grandmasters who routed four of England's olympic team. Scores were Bareev (Russia) 10½/14, Agdestein (Norway) 9, Shirov (Latvia) 8½, Adams and Speelman (UK) 7, Chandler (UK) 6½, Hodgson (UK) 4, Suetin (Russia) 3½.

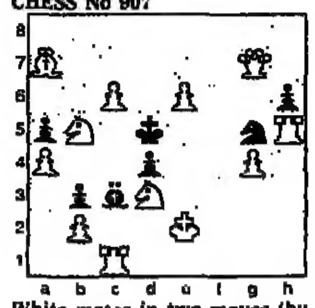
Bareev, 25, and Shirov, 19, are world top ten players whose dynamic, creative attacks overwhelm opponents; but the personality of the event was Simen Agdestein. The Norwegian grandmaster, 24, has also been his country's soccer centre forward. Only Sir George Thomas, British chess and all-England badminton champion in 1923, has achieved comparable eminence in physical sport.

Agdestein's dual talent led to a conflict of loyalties in 1989 when a chance to play at Belgrade where world champion Kasparov was top seed clashed with a European soccer qualifier against Scotland. Agdestein agonised, chess won, and he was dropped from the soccer team. Now there is a new manager and he hopes to regain his place.

Paradoxically in soccer he is an opportunist, seeking half-chances, while his chess style is strategic in the mould of Karpov. This week's game is a rare example of his striker's instinct at the chessboard; confronted by a massive attack on his king, he wins by a brilliant counter (A Shirov, Latvia, White; S Agdestein, Norway, Black; Scotch Game; Foreign & Colonial Hastings 1991-2).

1 e4 e5 2 Nf3 Nc6 3 d4 exd4 4 Nxd4 Bc5 Kasparov revived the Scotch in the last world title match. 5 Be3 Qf6 6 c3 Nge7 7 Bc4 b6 Provocative. Theory gives Ne5 8 Bb3 d6 as level. 8 0-0 Bb7 9 b4? Tempting but flawed; 9 f4 is a critical test of Black's 7th. Nxd4 10 cxd4 Bxb4 11 a3 Ba5 12 d5 0-0 13 f4 b5! Refuting White's attack. Qxa1 fails to Bd4, but if 14 Bxb5 Qxa1 15 Bd4 Qxd4+ 16 Qxd4 Bb6 wins, so White has to over-extend his pawn centre. 14 e5 Qh6 15 Bb3 Nf5 Now if 16 Bd2 Bb6+ 17 Kh1? Ng3 mate. 16 Bf2 Qxf4 17 Qd3 Qxe5 18 Ra2 Nd6 19 Re2 Qg5 20 Resigns. White is three pawns down.

CHESS No 907



White mates in two moves (by W Jorgensen).
Solution Page XVIII

Leonard Barden

BRIDGE

Today's hand comes from rubber bridge. Here is Not Quite Good Enough:

N
♠ A 10 2
♥ 9 7 5
♦ A Q 5 3
♣ J 6 4

W
♠ 8 7 6
♥ Q J 8 6 4
♦ 10 8 2
♣ K 3

E
♠ Q 9 4 3
♥ K 2
♦ J 9
♣ 10 9 7 5 2

S
♠ K J 5
♥ A 10 3
♦ K 7 6 4
♣ A Q 8

With North-South vulnerable, South dealt and began the bidding with one no trump, and North's raise to three no trumps concluded the auction.

West opened with the heart six, and the king was allowed to hold. Provided that the diamonds broke evenly, there were eight tricks on top, and there were finesses in spades and clubs, but declarer saw at once that an endplay was possible. Winning the return of the heart two in hand, he cashed four diamond tricks, which forced a spade discard from West, and two clubs from East. Now he threw West in with his 10 of hearts. This allowed him to make three tricks in the suit. Dummy discarded two clubs, and South discarded one club and one spade. West switched to the eight of spades, East shrewdly withheld his Queen, and the declarer won with his knave. He overtook the spade king with dummy's ace, and tried the club finesse, losing to the king – one down.

The declarer had the right idea, but his preparatory work was faulty. He should have cashed only three rounds of diamonds, retaining the five in dummy and the four in his hand before he leads the 10 of hearts. Now when West switches to the eight of spades, South can cash knave and king,then cross to the five of diamonds to score the ace of spades for his ninth trick.

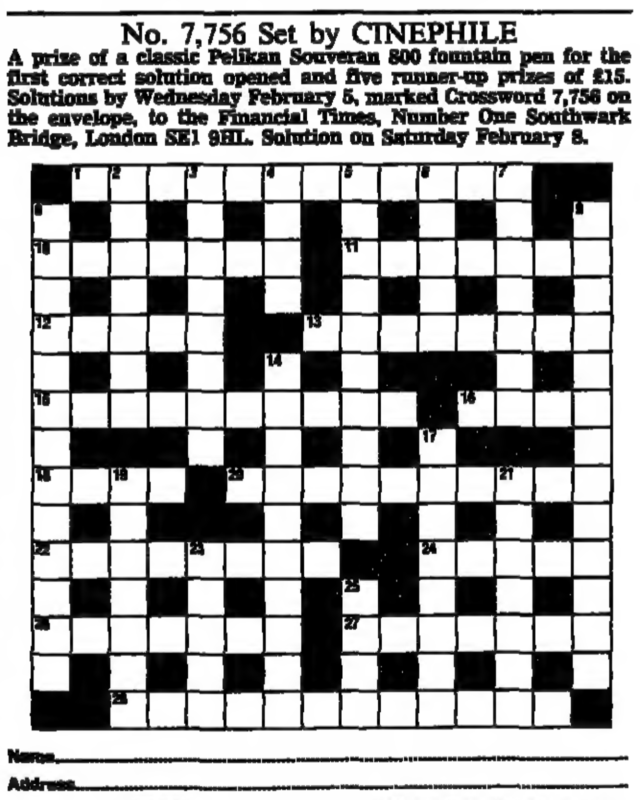
Just a little more thought would have avoided the humiliation.

E P C Cotter

CROSSWORD

No. 7,756 Set by CINEPHILE

A prize of a classic Pelikan Souveran 800 fountain pen for the first correct solution opened and five runner-up prizes of £15. Solutions by Wednesday February 5, marked Crossword 7,756 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday February 8.



Name________________________

Address________________________

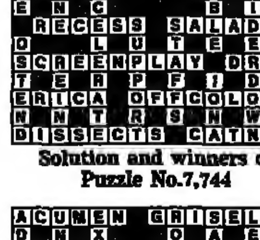
ACROSS

1 Mathematics shows bad motoring leads to burst tyre (12)
10 Border security requires poison (7)
11 Study to set fire to tree (7)
12 Moment of Dissent? (5)
13 See 22 and 28
15 Right for disturbed believers to be going either way? (10)
16 Use a version of bible character (4)
18, 25 down Light at window for a seaman? (8)
20 A hundred lots for a girl of miserly character (10)
22, 13 Mathematics reveals singular lace cult (8,6)
24 In Foreign Office turn American soldier to his old coin (5)
26 Portion in the forces? (7)
27 Line whisky with biscuit? (7)
28, 23 Mathematics find gap for some cuts in hard skin (12,6)

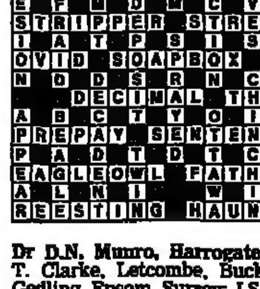
DOWN

2 Line from a novel, in part (7)
3 Mathematics made my tree go wrong (6)
4 Victoria Nile needs another third (4)
5 Shame claim upset Daisy Day (10)
6 A cheerful note (5)
7 Woodpeckers are very loud in locks (7)
8 Requiem expert most cautious about essay in new pence (7,6)
9 Urge upper class to put in fresh mortar above the artery (8,5)
14 Proper view of mathematics (5,5)
17 Rights over another's property making copper turf us out (8)
19 Dress in scarlet having finished work (7)
21 Mathematics reveals a large (small) headless horse (7)
23 Sorrow the ill-fated come to (5)
25 See 18

Solution to Puzzle No.7,755



Solution and winners of Puzzle No.7,744



Dr D.N. Munro, Harrogate; Mrs T. Clarke, Letcombe, Bucks; R. Gedling, Epsom, Surrey; J.S. Heaton, Ilkley, Yorks; Miss D. Holt, Kirkham, Lancs; Enid Sheard, Arundel, Sussex.

Aids can sell papers, not clothes

All sides are 'united in revulsion' at the latest Benetton advertisements. ***Dominic Lawson*** *detects hypocrisy*

THE BACK page of yesterday's *Guardian* is dominated by a picture of a man dying of Aids. He is being comforted by his family. It is, if you go in for this sort of thing, a moving picture, the sort which I imagine has graced the pages of the *Guardian* many times before, and probably of a number of other newspapers who regard the Aids virus as being of pressing interest to a large number of their male readership.

But the Guardian, on this occasion, was not in the business of soliciting sympathy for Aids victims. It was more in the business of soliciting lack of sympathy for a clothing company, Benetton.

You see, Benetton, an Italian clothing retailer, planned to use the picture, without comment, as an advertisement for their latest clothes. And, boy, are people unsympathetic about it.

One newspaper, which devoted most of its front page to the story yesterday claimed that "A shocking advertising campaign by clothing giants Benetton united health officials, the fashion world and a leading charity in revulsion last night. It features a real-life Aids victim being comforted on his death-bed by his grieving family."

Presumably had the picture been of an actor pretending to be dying of Aids, health officials, the fashion world, and a leading charity would not be "united in revulsion," but perhaps united only in slight distaste.

I think rather that Benetton should be praised for producing one of the few advertisements which are not make-believe, incorporating all the tricks of the acting profession and the imaginations of highly creative film producers. I am still reeling from being authoritatively told that all the products you see in food advertisements are painted. You would probably die of lead poisoning if you actually eat food prepared in such a way, but it looks yummy.

The Health Education Authority would prefer that Aids was portrayed by advertisers as they treat food: very appetisingly.

Its spokeswoman, Lynn Walsh, commented that "To show such a bleak pessimistic picture doesn't help anybody. Although Aids is deadly many people enjoy years of life before falling ill."

How true. Perhaps if Benetton had superimposed a slogan on the dying man's shirt which read "I'm dying of Aids but I've had a good time", the Health Education Authority would feel that decency had been satisfied. That admittedly would reduce the advertisement from being merely obscure to being dishonest – but nobody minds dishonesty when it reassures their own prejudices.

At the heart of the outrage being expressed against Benetton is the charge that the Italian company is "exploiting Aids for profit".

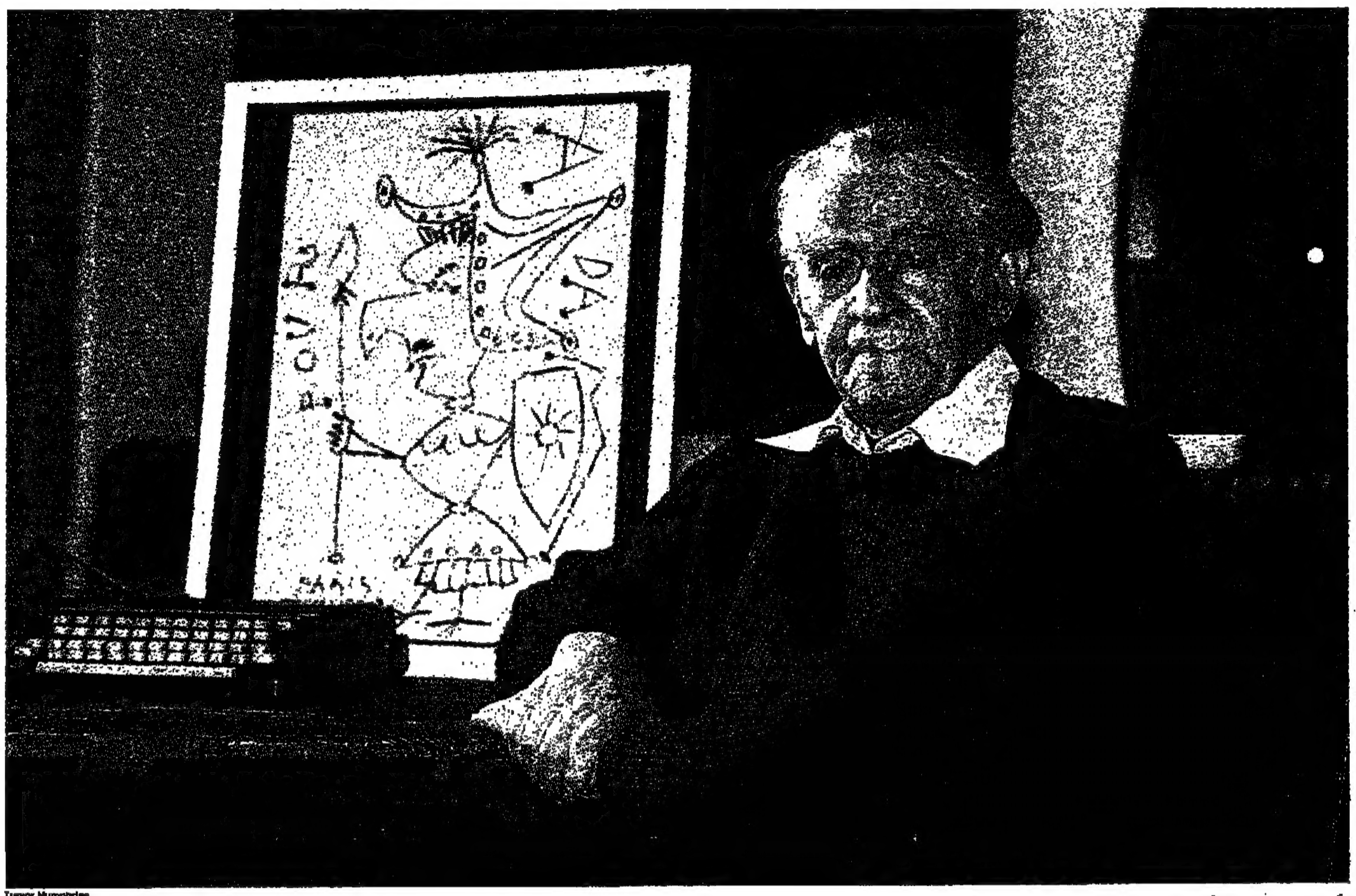
I have never understood this particular aspect of English puritanism, that regards the desire to shock and be paid for it, as inherently more sinful than the desire to shock and be subsidised for it, or, in other words, why, as Digby Anderson of the Social Affairs Unit once expressed it, "Exotic, loss-making homosexual pornography is a cause to campaign for, but highly profitable mass market, heterosexual pornography is not."

American *Vogue* has robustly decided to run the Benetton advertising campaign. But English magazines have not. Margaret Alderson, The editor of *Elle* magazine is to leave blank the double page spread booked by Benetton for its next issue, and will instead carry a letter from Anderson, explaining why the ad had been dropped.

She told the *Guardian* it was "incredibly insulting". What I suppose she means is that the ad would insult so many of her readers that the profit from selling the space would be outweighed by the losses caused by cancelled subscriptions. Like Benetton, exactly like Benetton, Alderson is in business to please her consumers.

You might have noticed that although the press has managed to "unite in revulsion" the fashion, health care and charity industries, it has failed in what must have been its first objective, to gain a "revolted" on-the-record-quote from the mother of David Kirby, the Aids victim portrayed. That is because Mrs Kirby consented to the photograph being used.

■ *Dominic Lawson is editor of The Spectator*



Trevor Humphries

Private View/**Christian Tyler**

Unrequited passion of the autograph hunter

TO DIE unrequited must be the worst sort of death, a punishment for the wicked or the wickedly idle.

So I was puzzled when Miron Grindea, in the middle of explaining how he had persuaded so many famous names to contribute to his literary magazine, *Adam*, broke off, shot me a sorrowful look and said:

"I wanted to tell you that I die – because I have to die soon – a very bitter man."

Grindea will be 83 next week. He is fighting failing health and faltering memory to bring out an issue on Joyce Cary to mark *Adam*'s 50th anniversary last September.

His first *Adam* emerged two years after Grindea had been left stranded in Britain by the war, a Romanian music critic on holiday from Paris with his pianist wife, few possessions and not a word of English. It had an introduction by H.G. Wells, a message from George Bernard Shaw and items by Thomas Mann, Stefan Zweig and Cecil Day-Lewis.

I asked whether his No. 500 would be his last.

"I don't know what to say. I'm very traumatic about it. If I'm strong enough to write. . . I am a very desperate man." His desperation seemed to have something to do with misprints. (The first issue contained a *'derrière pensée'* instead of an *'arrière'* one). Then he told me of his afflictions, of which arthritis and asthma were the least.

"I am haunted by my approaching death," he said. "I would like to end not with . . . what you call in English . . . with a bang, but with a bit of a confessional. I think *Adam* story has a few things to leave behind, not so much about my humble person, because genuinely I am a moderate specimen of the human race."

Is he aggrieved because he never made money? He doesn't seem so.

"I crawled along, sometimes with a few benefactors" (they included T.S. Eliot, E.M. Forster, J.B. Priestley, Rebecca West and Isaiah Berlin). He was too disorganised to collect from his 500-odd subscribers or to put in for the occasional Arts Council grants.

For three years in the 1960s he earned $10,000 a year as an associate professor at the University of Rochester. New York. ("So my wife had no more reason to divorce me!") But for most of his life he has been"dancing on the cord, doing the trapeze". His wife, Carola, taught at the Guildhall School of Music for 25 years and still works, advising pianists on avoiding muscular strain.

If you had been a real businessman would you have continued for so long?

"I don't think so. I don't know if you approve, but I don't think it's right to run a magazine of this eccentricity if you have a sheltered life. For instance Mr Cyril Connolly (whose *Horizon* lived a mere 10 years) had a millionaire supporter and two secretaries. I never had this luxury. I don't think the essence of running a magazine of this fantasy, of this impertinence – because it was always a magazine of great cheek – is to tremble for its tomorrow from day to day."

The thought of the pampered and aristocratic Connolly seemed to fill Grindea with strong emotions. He was breathing heavily.

But the editor of *Adam* has had his share of worldly recognition. He proudly showed me his Legion d'Honneur certificate, his MBE and OBE medals. Why then should he die unrequited?

"I die a bitter man in the sense of sad man. Although I have been married to this very great woman and I am surrounded by musician grandchildren I would have loved ADAM . . . my ideal, my conceit . . . I would have loved to reach the elegance of a Cyril Connolly. I would love to have the talent of Cyril Connolly. because he would ejaculate on a page, you know. Incidentally, I hear his punctuation was hopeless. I devoted sacks of blood, of my life. Every issue I jump from one precipice of research to another."

Do you feel you haven't achieved what you wanted?

"How can I say? Flaubert would roll on the carpet to pick up the *mot juste*. Well, I'm not Flaubert and even now, after 51 years here, I can't go like you to the typewriter. I write longhand, five, six versions till I find the *mot juste*.

"People like Edith Sitwell or E.M. Forster would pat me on the shoulder and say 'Oh, Mr Grindea, don't be so neurotic, you coin new words for us.' But I know the length of my nose, I know the modesty of my editorial gift.

"I think I was quite an impertinent. successful, searcher. But I had only two elbows and two shoulders, you know. And I die bitter because I would have loved the magazine to be something really super. One can't create miracles."

Did you have any other ambition? "As a child, I would have loved to be an orchestral conductor, yes. *Ja*. As a child in my village, a monkey, in front of the . . . I would conduct."

Perhaps you are a writer *manqué*?

"No, I don't think so. I never attempted. I never had any ambitions. No, I'm not *manqué*. I think my only little testament, if the Almighty gives me another year or two, I would like to write the story of *Adam*."

If it is not poverty or frustrated literary leanings, what is it that casts Grindea down? Literary spite?

He told me he was very upset that he had been left out of the Pelican Guide to English Literature. He had been very hurt, he said, by Frederick Raphael (some of whose early stories he published) describing him as a literary beggar. He was hurt again by Alan Ross, editor of the *London Magazine*, writing that people contributed to his review in order to get rid of him.

"A man who is sufficiently lunatic to publish eight numbers on Proust alone, three on Balzac, or two on Dylan Thomas . . . This is not begging material!"

But you do at least have the gift of being able to talk people round?

"No. This was an idea of the BBC." (BBC 2 made a programme about him). "I am not a sorcerer."

Were there times when you tried desperately to get something and were unsuccessful?

"I never try desperately. I persevere in a lyrical way, with great enthusiasm. And I never became a nuisance. I was never a beggar."

As proof of diligent research he could have added that among the people he unearthed were a waiter friend of Marcel Proust's, Tolstoy's last secretary and Franz Kafka's niece – who was living at Rottingdean on the English south coast.

His publishing scoops include stories by Chekhov, letters by Dickens, Berlioz, André Gide and Katherine Mansfield, a play by Sartre, poems by Picasso (whose instant caricature of *Adam's* editor is shown above), sonnets by Mozart's cataloguer Köchel, drawings by Cocteau and Henry Moore.

'I die as a sort of crank, as a man who doesn't understand cricket'

"I met many noble poets. I knew the great Paul Valéry and went to see him after liberation. He said something legendary and I have to boast when I write my memoirs. It was: *Vous êtes le microbe dont nous avons besoin*. 'You are the virus which we need.' It was very fine metaphor."

What exactly did he mean?

"He said that out of nothing I created a little magazine."

Perhaps "germ" is a better word, I said.

Grindea says he and his wife went on their knees and wept to persuade Dame Myra Hess not to lock up her Steinway at the outbreak of war. He persuaded Shaw to play some Beethoven, sat at Ezra Pound's bedside, bought orangeade for Dylan Thomas, was encouraged by Graham Greene and Bertrand Russell, was serenaded with a musical ditty by Darius Milhaud . . . and still he says he is a desperate man.

Is it because of the way the English literati have treated you? Are they jealous of your scoops?

"No, because I don't count. Really, I am not sentimentalising. I didn't belong and I don't belong."

Although, he said, "the English shark tank is only small fry", he had never been able to join the English literary crowd, to stand around in pubs watching darts and drinking pint after pint. "For me it's not a *weltanschauung*.

"Every civilised Englishman on the Continent drinks his glass of cognac and sits down like a human being. In this country, including the famous pubs around Broadcasting House, the same Englishman becomes, not a beast, but a different specimen.

"So I die an outsider. Just as *Adam* has been tolerated in this country. I die as a sort of crank, as a man who doesn't understand cricket."

Grindea is a magpie, an autograph-hunter in the true sense. He flatters (women especially), yet in a manner so flowery as to seem quaint rather than calculating. Naturally, he is feeling his age. But his self-pity and pessimism struck me as more of a habit than a condition.

What would you like as your epitaph. Have you thought about that?

"No." After reflection, he said: "I would like that it be remembered that I lived in Kensington, opposite the house where Angus Wilson lived and Eliot in the mews next door; that I also lived for so many years, and that I produced *Adam*.

"*Adam*, I think, will survive, if the atomic bomb doesn't hurt the British Library or the Bibliothèque Nationale. *Adam* will survive by the editorials, because I accumulated material which sometimes I spent three years for research. This was my type of lunacy.

"*Quand même*," he reflected finally, "I have done something."

As I took my leave I thought that Grindea, who had been so perky on my arrival, so animated by his reminiscences, looked crushed and empty. I felt, in some obscure way, to blame. Was this ability to inspire guilt, I wondered, after all the secret of Miron Grindea's seeming failure and strange success?

Let's hear it for the buskers

Fran Kaplan *argues in favour of entertainment on the Underground*

THE JOB description: Be your own boss, get paid cash, plenty of opportunities to meet people of all different nationalities (be they snap-happy Japanese tourists or Belgian tap-dancers.) NB: A love of travel is useful. The job: busking on the London Underground.

To a student unable to find summer holiday work in the present economic climate, busking presents an attractive option. People-watching is a favorite pastime, and what better place to do it than at the bottom of an escalator where I get paid for singing Italian opera.

With such an occupation, I am inviting some reaction. No reaction is unusual. Raised eyebrows, looks of absolute horror, an occasional £5 note for showing such guts and too many foreign coins come my way. In the summer, Italians, who tend to travel in swarms, hover and are quick to interrupt if my pronunciation of their language does not satisfy them. Silver-haired old ladies, with hands veined like old china, stop to chat and try to save me from the street. "My son's with the London Sinfonietta, you know." Yes, and I'm Nigel Kennedy.

Ask buskers how much they take in an hour and you will receive some colourful accounting. I started singing on the Underground in 1988. Fellow-performers were earning £10 to £25 an hour (tax-free), depending on their originality. Beaten-out metal drums from the West Indies were popular, and the tap dancer who requested commuters to stop talking in "his" theatre also gained quite a following.

But the recession has had an effect. My own experience is that income per hour from busking in the City, London's financial heartland, is considerably less than in the West End. Or, to put it differently, City commuters are stingy! Besides which, how do they know I won't be the next La Stupenda?

It is accepted in the trade that there are "generosity groupings." Single women tend not to give, especially to female performers. I find Asian and African men are fascinated by the opera and often dig deep into their pockets, while couples are either embarrassed by my amorous songs or feel threatened and suddenly find the tiled floor more interesting.

Middle-aged businessmen will give to guitarists only rarely – there are simply too many strumming out the same tunes and these men are hardened Tube travellers. When together, however,they are eager to show their liberal-mindedness and appreciation of music (particularly if it is classical) and donate their change graciously to "those poor students."

I must concede that some of my fellow-buskers harass passengers. Buskers who perform in the actual carriages often intimidate people into giving them money. These buskers may be dressed aggressively or have a "bottler" with them – an accomplice who does the collecting. This is simply a form of mugging.

Posters asking passengers not to support buskers have been put up but, unfortunately for entertainers like myself, they do not specify who are the buskers who entertain and who are the ones who intimidate. If the profession gets a bad name my take-home pay is reduced, so I would welcome harsher fines for these "performers."

In other countries, the authorities seem to deal better with Underground players, often letting the generosity of the commuters decide their fate. In Moscow, where the subway is a tourist attraction, seven-piece jazz bands may be found in the station forecourts and the long underpasses. But although these attract large crowds, people's generosity is fading fast in the present political and economic climate.

Regie Autonome de Transporte Parisian (RATP), the company which owns the Paris Metro, has legislated on busking, encouraging performers who entertain but clamping down on those who block passages and present safety hazards. Paris is the busking capital of the world and, because of increasing competition for prime "pitches," players must pass an audition with the Musicians' Union in order to receive an official pass. Buskers without one are moved on or arrested and may even have their instruments confiscated.

Some may argue that Tube music cannot be avoided (and so imposes a social cost on passengers, adding to the rising cost of public transport), But rarely can a performer be heard on the platform. The passengers reserve the right not to show their appreciation. The irony of the situation is that London Underground Ltd believes it acceptable to play music through the public address system.

If you have managed to persuade a wall in the station to accept your money and give you a ticket, and you have escaped the clutches of the automatic rottweilers (ie, the new ticket gates), the soothing tones of Italian opera or the breath-taking skill of three bongo drummers will reassure you that, whatever LUL thinks, you are a human being and not ticket-machine fodder.

Amis for Tolstoy

Michael Thompson-Noel

IF THOSE poor Russians had had the advantages I've had – halibut oil capsules at school, tennis lessons, exotic travel and the joy of good books – then they would not be in the mess they are now.

Which is why I responded, this week, to Book Aid's invitation to donate books for Russia and the republics. The M.I. Rudomino State Library for Foreign Literature is hoping to receive and distribute 1m English-language books. They especially asked for works of philosophy, technical manuals, ecological books, religious books and detective stories.

So I skipped to my shelves and fossicked along them. I am fond of carnal pleasures; but when my youthful morn hath travell'd on to age's steepy night, and all those beauties whereof now I'm king are vanishing, or vanish'd out of sight, I will still have my beautiful books.

Minus, that is, those books that I parted with this week, that I popped into a carrier bag and handed in at Waterstone's bookshop in Notting Hill Gate so that they could be forwarded to the Russians.

I made my selections carefully. After all, these books are likely to be read by 50, 100, perhaps 500 people. And a book can change a life – or history. I did not want to fill the carrier bag with any old books. I wanted to pass on to the Russians only books I would be sad to part with.

HAWKS & HANDSAWS

My first choice was the handbook from the J. Paul Getty Museum in Malibu, together with Robert Lenzner's *The Great Getty: The Life and Loves of the Richest Man in the World*. My intention was to show those incipient capitalists in Russia that they, too, could amass unbelievable riches if they got their fingers out. But I also wanted to warn them. Not for nothing did John Kenneth Galbraith describe the Lenzner book as "an eloquent and terrible warning to all who are struggling to get rich."

Choice No 2 was Blanche d'Alpuget's *Robert J. Hawke*, a biography of the man who was until recently prime minister of Australia. I have a soft spot for Bob Hawke. In earlier times, he drank and womanised heroically. But so what? Ms d'Alpuget's book will spread enlightenment and cheer throughout the Russian wastes, and show what fun can be had in a democracy as pixilated as Australia's.

To balance things up, I also chose John Bryson's *Evil Angels*, a study of the Lindy Chamberlain "dingo baby" case – an appalling stain on Australia's conscience which showed how, even in a democracy, prejudice, ignorance and a psycopathic Press can wreak hideous damage.

Choice No 4 was *Nicholas Tomalin Reporting*, a collection of pieces by the great British journalist killed on the Golan front line in 1973. Tomalin's *The General Goes Zapping Charlie Kong*, from the *Sunday Times* of June 5 1966, is one of the most famous examples of British journalism this century. I want them to read it in Russia. (Just to be honest, I also popped into the carrier bag a copy of Wednesday's *Sun*. God, how pitiful).

I have a lot of American books, so choice No 5 was Ian Frazier's *Great Plains* for its affectionate portrait of the immense, short-grass prairie-lands of America. I want them to understand in Russia that there is more to the US than drugs and guns and ghetto poverty; there is also space and sky and sparrow-hawks – and (still) a little hope.

I did not want to over-do the sentimentality, so choice No 6 was Frances FitzGerald's *Cities on a Hill: A Journey Through Contemporary American Culture*, wherein the Pulitzer-rewarded Ms FitzGerald shines the searchlight of her powerful reporter-historian's talent into corners dark and lurid, not least the New Age community in Oregon founded by one of my favourite airheads, Bhagwan Shree Rajneesh.

Choice No 7 was *My Gastronomy* by Nico Ladenis, if for no better reason than to convey the recipe for *escalopina de saumon à la crème de ciboulette* into all the little towns of the new republics.

And choice No 8 was Arthur C. Clarke's *July 20 2019: Life in the 21st Century*, to show the Russians how we in Notting Hill are heading, pell-mell, for a life of IQ enhancers, bionic implants, household robots, levitating cars, holographic movies and zero-gravity sex.

I could have gone on; but I wanted to include some fiction, so I stuffed the carrier bag full with E.L. Doctorow, John Updike, Peter Carey, Nicholas Mosley, Nadine Gordimer, André Brink, Patrick White, E.M. Forster, Kingsley and Martin Amis, J.G. Ballard, Robertson Davies, William Burroughs, William Faulkner, Carolyn Chute, Kazuo Ishiguro, David Lodge, William Golding, John le Carré, Natalie Zemon Davis, Marguerite Yourcenar and Henry Miller.

I could have wept to see those books go. But they will set some socks on fire in Mother Russia.